

PROFESSIONAL SERVICES AGREEMENT

Utility Rate Study for Water, Wastewater, and Solid Waste Services

THIS AGREEMENT is made and entered into this ____ day of _____, 20__,
by and between the City of Roseville, a municipal corporation (“CITY”), and IB Consulting,
LLC, a California limited liability company (“CONSULTANT”); and

W I T N E S S E T H:

WHEREAS, CITY desires professional services consisting of a utility rate study for
water, wastewater, and solid waste services; and

WHEREAS, CONSULTANT has prepared a proposal dated May 4, 2020, which
describes the scope of work to be performed by CONSULTANT, the budget for the work, and
the schedule for performance of the work; and

WHEREAS, CONSULTANT is qualified and experienced to provide such professional
services.

NOW, THEREFORE, the parties agree as follows:

1. Services. CONSULTANT shall perform, at the direction of CITY, the scope of
services as described in EXHIBIT “A,” attached hereto and incorporated herein by this
reference.
2. Compensation. For its services provided hereunder, CONSULTANT shall be
compensated on a time and expense basis in accordance with the budget estimate as described in

EXHIBIT “B,” attached hereto and incorporated herein by this reference. Total compensation shall not exceed ninety-seven thousand, six hundred twenty-five dollars (\$97,625).

CONSULTANT shall submit one monthly invoice for its services. Such invoices shall be delineated by task, the person performing the services, and the hourly rate, which shall be stated in time increments of not greater than one tenth (1/10) hours. CITY shall pay invoices within thirty (30) days after receipt, if the services specified in the invoice have been satisfactorily completed.

3. Indemnification. To the fullest extent allowed by law, CONSULTANT shall defend, indemnify, and save and hold harmless CITY, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of CONSULTANT's willful misconduct or negligent act or omission while engaged in the performance of obligations or exercise of rights created by this Agreement, except those matters arising from CITY's sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed.

CONSULTANT agrees to defend and indemnify CITY if, despite the parties intent and practice, any venue, agency, or court with competent jurisdiction determines that CONSULTANT and/or any of its agents, officers, employees, volunteers, independent contractors, or subcontractors, are characterized as employee(s) of CITY.

CONSULTANT's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by

law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

4. Insurance. CONSULTANT agrees to continuously maintain, in full force and effect, the following minimum policies of insurance during the term of this Agreement.

<u>COVERAGE</u>	<u>LIMITS OF LIABILITY</u>
Workers' Compensation	Statutory
Commercial General Liability	\$1,000,000 each occurrence \$2,000,000 aggregate Personal Injury: \$1,000,000 each occurrence \$2,000,000 aggregate
Automobile Liability	\$1,000,000 combined single limit
Professional Liability (errors and omissions)	\$1,000,000 per claim \$2,000,000 aggregate

a. Form. CONSULTANT shall submit a certificate evidencing such coverage for the period covered by this Agreement in a form satisfactory to Risk Management and the City Attorney, prior to undertaking any work hereunder. Any insurance written on a claims made basis is subject to the approval of Risk Management and the City Attorney.

b. Additional Insureds. CONSULTANT shall also provide a separate endorsement form or section of the policy showing CITY, its officers, agents, employees and volunteers as additional insureds for each type of coverage, except for Workers' Compensation and Professional Liability. Such insurance shall specifically cover the contractual liability of CONSULTANT. The additional insured coverage under the CONSULTANT's policy shall be primary and noncontributory, as evidenced by a separate endorsement or section of the policy, and shall not seek contribution from CITY's insurance or self-insurance. In addition, the

additional insured coverage shall be at least as broad as the Insurance Services Office (“ISO”) CG 20 01 Endorsement. Any available insurance proceeds in excess of the specified minimum insurance coverage requirements and limits shall be available to the additional insureds.

Furthermore, the requirements for coverage and limits shall be: (1) the minimum coverage and limits specified in this Agreement; or (2) the full coverage and maximum limits of any insurance proceeds available to the named insureds, whichever is greater.

c. Cancellation/Modification. CONSULTANT shall provide ten (10) days written notice to CITY prior to cancellation or modification of any insurance required by this Agreement.

d. Umbrella/Excess Insurance. The limits of insurance required in this Agreement may be satisfied by a combination of primary and excess insurance. Any excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of CITY (if agreed to in a written contract) before CITY’s own insurance shall be called upon to protect it as a named insured.

e. Subcontractors. CONSULTANT agrees to include in its contracts with all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor’s work. Furthermore, CONSULTANT shall require its subcontractors to agree to be bound to CONSULTANT and CITY in the same manner and to the same extent as CONSULTANT is bound to CITY under this Agreement. Additionally, CONSULTANT shall obligate its subcontractors to comply with these same provisions with respect to any tertiary subcontractor, regardless of tier. A copy of CITY’s indemnity and insurance provisions will be furnished to the subcontractor or tertiary subcontractor upon request.

f. Self-Insured Retentions. All self-insured retentions (“SIR”) must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or CITY. CITY reserves the right to obtain a full certified copy of any insurance policy and endorsements. The failure to exercise this right shall not constitute a waiver of such right.

g. Waiver of Subrogation. CONSULTANT hereby agrees to waive subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss under a Workers Compensation, Commercial General Liability or Automobile Liability policy. All Workers Compensation, Commercial General Liability and Automobile Liability policies shall be endorsed with a waiver of subrogation in favor of CITY, its officers, agents, employees and volunteers for all work performed by CONSULTANT, its employees, agents and subcontractors.

h. Liability/Remedies. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve CONSULTANT of liability in excess of such coverage, nor shall it preclude CITY from taking such other actions as are available to it under any other provisions of this Agreement or law.

5. Records. CONSULTANT and its subcontractors shall maintain all files and records relating to the services performed hereunder during the term of this Agreement and for a period of not less than one (1) year after the date of termination or expiration. Provided, however, that in the event of litigation or settlement of claims arising from the performance of this Agreement, CONSULTANT and its subcontractors shall maintain all files and records until such litigation, appeals or claims are resolved. Duly authorized representatives of CITY shall

have right of access during normal business hours and after reasonable notice to CONSULTANT's and subcontractors' files and records relating to the services performed hereunder, and may review and copy the files and records at appropriate stages during performance of the services and during the one (1) year period following termination or expiration of this Agreement. CONSULTANT shall include this provisions in its contracts with all subcontractors.

6. Time is of the Essence. Time is of the essence of this Agreement.

7. Compliance with Laws. CONSULTANT shall comply with all federal, state and local laws, ordinances and policies as may be applicable to the performance of services under this Agreement.

8. Ability to Perform. CONSULTANT agrees and represents that it has the time, ability and professional expertise to perform the services required under this Agreement.

9. Governing Agreement. In the event of any conflict between this Agreement and its EXHIBITS, the provisions of this Agreement shall govern. In the event of any conflict between any of the EXHIBITS, the provisions of the first in order of attachment shall govern.

10. Assignment. CONSULTANT is employed to perform unique personal services. CONSULTANT shall not assign this Agreement without the prior written consent of CITY. CONSULTANT shall not employ or otherwise incur any obligation to pay other specialists or experts for services in connection with this Agreement, without prior written consent of CITY.

11. Independent Contractor. CONSULTANT shall act as an independent contractor, and covenants and agrees that it will conduct itself consistent with such status, that it will neither hold itself out as, nor claim to be, an officer or employee of CITY by reason of this Agreement.

CONSULTANT and CITY agree that: (a) CONSULTANT is free from the

control and direction of CITY in connection with the performance of the work; (b) CONSULTANT is providing services directly to CITY; (c) CONSULTANT has and will maintain at all relevant times a business license; (d) CONSULTANT maintains a business location that is separate from CITY; (e) CONSULTANT is customarily engaged in an independently established business of the same nature as that involved in the work performed hereunder; (f) CONSULTANT actually contracts with other businesses to provide the same or similar services and maintains a clientele without restrictions from CITY; (g) CONSULTANT advertises and holds itself out to the public as available to provide the same or similar services; (h) CONSULTANT provides its own tools, vehicles, and equipment to perform the services; (i) CONSULTANT has negotiated its own rates; (j) CONSULTANT set its own hours and location of work in accomplishing CITY's on-call needs; and (k) CONSULTANT has the right to control the manner and means of accomplishing the result desired and exercises its own expert independent judgement.

12. Representations and Warranties. CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working for CONSULTANT, to solicit or secure this Agreement, and that 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, CITY shall have the right to terminate as void this Agreement, without liability, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

13. Successors in Interest. This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the respective parties hereto.

14. Copyright, Ownership and Use of Materials. All tangible material (“Material”) created or delivered pursuant to this Agreement is considered a work made for hire under the Copyright Act. To the extent such Material does not qualify as a work made for hire, CONSULTANT hereby assigns to CITY all right, title, and interest, including but not limited to all copyrights, in all Material created by CONSULTANT in its performance under this Agreement. Material constitutes the scope of work outlined in Exhibit A and attached hereto, and all written and other tangible expressions, including but not limited to, drawings (including computer aided drawings), papers, documents, reports, surveys, renderings, exhibits, sketches, maps, models, prints, paintings or photographs, in any and all media or formats in which such materials have been created or are maintained. All Material furnished by CONSULTANT is, and shall remain, the property of CITY.

CONSULTANT shall execute any documents necessary to effectuate such assignment. In the event that CONSULTANT uses, employs, designates, or retains any person or entity who is not an employee of CONSULTANT, to perform any work required of it pursuant to this Agreement, CONSULTANT shall require said person or entity to execute an agreement containing the preceding paragraph.

15. Termination of Agreement. The City may terminate this Agreement without cause by giving CONSULTANT ten (10) days advance written notice from the City Manager. CONSULTANT may terminate this Agreement without cause by giving CITY thirty (30) days advance written notice. In the event of termination through no fault of CONSULTANT, CITY shall compensate CONSULTANT for services performed as of the date of termination, upon the

release to CITY of all Material hereunder, in any and all media or formats in which such materials have been created or are maintained. CITY retains the right to receive and use any Material, notwithstanding any termination or any dispute regarding the amount to be paid.

16. Attorney's Fees; Venue; Governing Law. If either party commences any legal action against the other party arising out of this Agreement or the performance hereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses, including but not limited to, court costs, expert witness fees, discovery expenses, and attorney's fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

17. Modification. This Agreement and each provision contained herein may be waived, amended, supplemented or eliminated only by mutual written agreement of the parties.

18. Severability. If any of the provisions contained in this Agreement are for any reason held invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.

19. Notices. Any notices to parties required by this Agreement shall be delivered personally or mailed, U.S. first class postage prepaid, addressed as follows:

CITY OF ROSEVILLE

Janet Vargas
2005 Hilltop Circle
Roseville, CA 95747

CONSULTANT

Habib Isaac
319838 Temecula Parkway, Ste. A-350
Temecula, CA 92592

Either party may amend its address for notice by giving notice to the other party in writing.

20. Integrated Agreement. This is an integrated agreement and contains all of the terms, considerations, understanding and promises of the parties. It shall be read as a whole.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ___ day of _____, 20___, and CONSULTANT has caused this Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

IB CONSULTING, LLC, a California
limited liability company

BY: _____
DOMINICK CASEY
City Manager

BY: Haluk Isaac
its: Managing Partner

ATTEST:

and

BY: Andrea Bowling
its: Managing Partner

BY: _____
SONIA OROZCO
City Clerk

APPROVED AS TO FORM:

BY: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY: Richard D. Plecker
RICHARD D. PLECKER
Environmental Utilities Director

EXHIBIT “A”



Solutions through Collaboration

City of Roseville

Submittal Date:

May 04, 2020



About Us



IB Consulting, LLC (IB Consulting) is a recently formed public consulting firm located in Temecula, California and is a certified Women Business Enterprise / Minority Business Enterprise (WMBE) with Supplier Clearinghouse. As co-founders of the firm and leading experts in the utility rate industry, Habib Isaac and Andrea Boehling have specialized in the public finance consulting sector for 17 years and 13 years, respectively. Collectively, we have assisted hundreds of cities and special districts throughout California with financial planning, utility rate development, fiscal impact analysis, impact fees as well as the formation of dedicated funding mechanisms, such as assessments, standby charges, and special taxes.

Our mission is to establish long-term relationships with clients and provide ongoing consulting services that extend beyond a specific project and spans multiple financial service needs. Whether the work involves a utility rate study, capacity fee update, or the formation of a new special tax or assessment, these projects contribute to the overall strategic objectives of the agency and influence other initiatives. Our approach focuses on only working with a handful of municipalities concurrently to ensure our services generate tailored deliverables and quick responsiveness to all correspondence. Focusing on only a few clients allows a “hands-on” approach to projects, fosters more thoughtful discussions, ensures we are available when needed, and generates viable solutions for consideration by staff and elected officials. We aim to collaborate with our clients on multiple fronts to develop a holistic understanding of the various policy decisions facing our clients. With this underlying approach to our consulting practice, we encourage our clients to connect with us to obtain our perspective whenever needed, and we will provide insightful solutions from our industry experiences.

Habib Isaac - Principal | Managing Partner
319838 Temecula Parkway, Suite A #350
Temecula, CA. 92592
951-595-9354

Andrea Boehling - Principal | Managing Partner
319838 Temecula Parkway, Suite A #350
Temecula, CA. 92592
615-870-9371



Executive Summary

The City is requesting a cost of service updates to its water, wastewater and solid waste rates as their previous comprehensive cost of service study was approved in May 2019. The last study was for two years and covered FY 2020 and FY 2021. With the last year of approved rates going into effect on July 1, 2020, updating the City's utility studies is prudent timing to have the cost of service completed and proposed rates available for FY 2022 and beyond. The City is seeking a qualified consulting firm with a well-versed and experienced project team to assist with the development of a new financial plans and rates that are consistent between all three utilities, easily updatable, and can be used for periodic financial updates, especially when determining each fiscal year's proposed rate adjustments. Augmenting our project team, we have included David Davis with MSW Consultants (MSW) for technical support with solid waste. David is President of MSW and is also located in the Temecula area.

Mr. Isaac and Ms. Boehling both have intimate knowledge with the City and the Environmental Utilities Department (EU) through the completion of the previous study in 2019. Our familiarity with the EU's budget process, financial structure, and staff expectations for mitigating customer impacts allows us to hit the ground running with the new study and develop additional enhancements to the models. With this institutional knowledge for all three enterprises and comprehensive understanding of the EU's current rate structure, we intend to leverage our familiarity with the City and develop a customized model driven by the following criteria:

- Reflects the financial structure of the City to ensure the rate models and budgets succinctly connect to one another for ease of use by EU staff;
- Maintains consistency between all three utilities models and overall flow of the models;
- Documents costs incurred by the City and how those costs are recovered through the proposed rates, including costs that may be passed-through;
- Provide the ability to evaluate various financial plan alternatives as well as rate structure alternatives for consideration and discussion.

Meet Our Team



Habib Isaac

PRINCIPAL | MANAGING PARTNER



Andrea Boehling

PRINCIPAL | MANAGING PARTNER

Habib and Andrea will work in concert with staff to prepare a framework outlining the overall approach, develop a nexus for rates, deliberate on policy decisions, facilitate all meetings and workshops, and prepare a final report with a key focus on quality.

Habib and Andrea have been working in tandem together for over eight years and have completed more than 50 utility rate studies throughout California, where Habib and Andrea were the primary contacts for the project. With their unique skillsets complementing one another, forming their consulting practice was a natural progression in their careers. Both are managing partners of the firm and, for this engagement, staff will benefit from two seasoned utility rate experts as a resource for all financial-related matters. Habib and Andrea will both be intimately involved with all aspects of the project and deliverables. Over the last two years, they have led the completion of more than 24 utility rate studies and have worked for a number of Northern California agencies:

- Citrus Heights Water District;
- Sacramento Suburban Water District;
- City of Roseville (water / wastewater / solid waste);
- City of Livermore (water / wastewater);
- City of Galt (water / wastewater);
- Elk Grove Water District;
- Delta Diablo Wastewater Agency;
- Monterey County Water Resource Agency;
- City of San Jose;
- Patterson Irrigation District

MSW Technical Support



David Davis, CMA

PRESIDENT

David is a Certified Management Accountant (CMA) and an expert in solid waste macro-economics and micro-economics. David has conducted solid waste studies and audits for numerous local governments throughout California. Over the course of these engagements, he has audited over 30 separate waste hauling companies including MarBorg Industries and Waste Management, Inc.

David will provide technical support with the development of the financial plan, long-term revenue requirements - including emerging State mandates, cost of service analysis and rate design.

With direct experience in executive management positions for both local governments, and in the private sector, David has served as the chief financial officer for hauling and landfill divisions of a national waste management company and has provided solid waste consulting service to over 60 local government agencies. David is an active contributor in the solid waste industry, and has served on the Board of Directors of the Southern California Waste Management Forum (SCWMF) since 1999. He is the founder and president of MSW Consultants, located in Murrieta, California. MSW has led the completion numerous solid waste and audit studies and have worked for a number of California agencies:

- County of Monterey;
- City of Santa Barbara;
- City of Santa Maria;
- City of Glendale;
- City of Hawthorne;
- City of Los Angeles;
- City of Orange;
- City Palm Springs;
- City of Rancho Palos Verdes;
- City of Vernon



Scope of Services

With the City entering its last year of noticed rates, it is prudent timing to initiate an independent review and update of its utility rates to meet the substantive provisions of Proposition 218. We will work in concert with staff and will both be in attendance at all staff meetings. We will design the new utility rate models with specific enhancements in mind that will provide additional functionality and ease of use. We will walk EU staff through each component of the models as they are built to incorporate ongoing training from day 1. We understand the importance of developing a sound, accurate financial plan for each utility to determine future revenue requirements over the next five to ten years. The detailed scope below addresses the proposed tasks and are listed in chronological order with how we envision working through the development of new rates.

TASK 1: DATA COLLECTION AND KICK-OFF MEETING

As part of project initiation, we will meet with staff to discuss the overall approach to the project, an initial timeline for completion and identify key milestones. To ensure a productive kick-off webinar, we will first provide a data request of the items required for developing updated financial plans, cost of service analyses, and corresponding rates for each utility. Ideally, the kick-off webinar will be scheduled two weeks after the data request is submitted to allow for compiling and reviewing data in preparation for the meeting. During our call, we will discuss any clarifying questions we have regarding data received and we will identify any policy consideration requiring additional discussion with staff.

The primary objectives of the kick-off meeting are to develop an initial framework of the study, introduce key personnel of the project team and the City, and discuss cost drivers and State mandates moving forward. We will discuss rate alternatives to evaluate and identify any new costs incurred. Any new costs will be specifically discussed to determine how they should connect to either fixed charges and/or variable rates.

Meetings: One (1) kick-off call with staff to discuss the data needs and overall approach of the study and monthly conference calls / webinars to review the development of financial plan and proposed rates.

Deliverable: Data request, PowerPoint for kick-off discussion and meeting minutes.

Project Management: We will facilitate all calls and prepare agendas.

City Staff Impact: Provide any readily available data based on request prior to the meeting and participate on conference calls.

TASK 2: FINANCIAL PLAN DEVELOPMENT

We will review the City's revenue requirements to ensure all costs are captured, including debt coverage and reserve funding. We will include both historical financial performance and projected revenue requirements for the next 10-years. Our review will extend through a 20-year planning period to capture any significant capital project costs on the horizon that may require a slow build-up of cash to offset significant revenue needs in future years, inline with the City's current funding approach. The historical financial data will provide a reference for revenue and expense trends, new line items added over the years, and a means to conduct a revenue check. Recalculating revenue with the raw billing data will be compared to actual revenue recovered within the City's audited financials. Doing so will provide an initial quality assurance check that the raw billing data and units of service driving the updated model is fundamentally sound for forecasting revenue needs to meet the City's revenue requirements. This will also allow us to model "what-if" scenarios with changes to growth, water demand (including drought rates), wastewater flows, solid waste tonage, and chargeable units.

Expenses will also be projected over the planning period and will incorporate separate inflationary categories including, but not limited to, salaries, benefits, energy, and treatment costs. These inflationary adjustments will be included as a pull-down menu for staff to select on a line item basis within the expenditure listing. We will include existing debt service schedules and the model will have the ability to issue new debt as an option for capital funding.

As part of this task, we will also revisit the City's reserve policies and either confirm or make recommendations on certain adjustments to the policy with reasoning behind such adjustments. As part of our evaluation, we will identify types of reserves to include, reserve targets to achieve in connection with the purpose of the reserve, and minimum targets to consistently maintain for each. Through discussions with staff, we will finalize the revenue requirements for each utility that will flow through the cost of service and rate analysis.

The financial plan model will include an infographic interface (Financial Dashboard) created with the end-user in mind. The Financial Dashboard will include, but not limited to, the utility's current financial operating position, required capital needs with funding sources, the makeup of reserve requirements, and ending reserve balances. The Financial Dashboard will be used to develop viable options to meet each utility's objectives. We will collaborate with staff and discuss the differences between each option as it relates to the financial health of the utility enterprises. In each financial plan, we will identify key metrics to ensure each financial plan option generates financial sufficiency, minimizes rate fluctuations through level adjustments, and generates adequate annual net cash to comply with bond covenants.

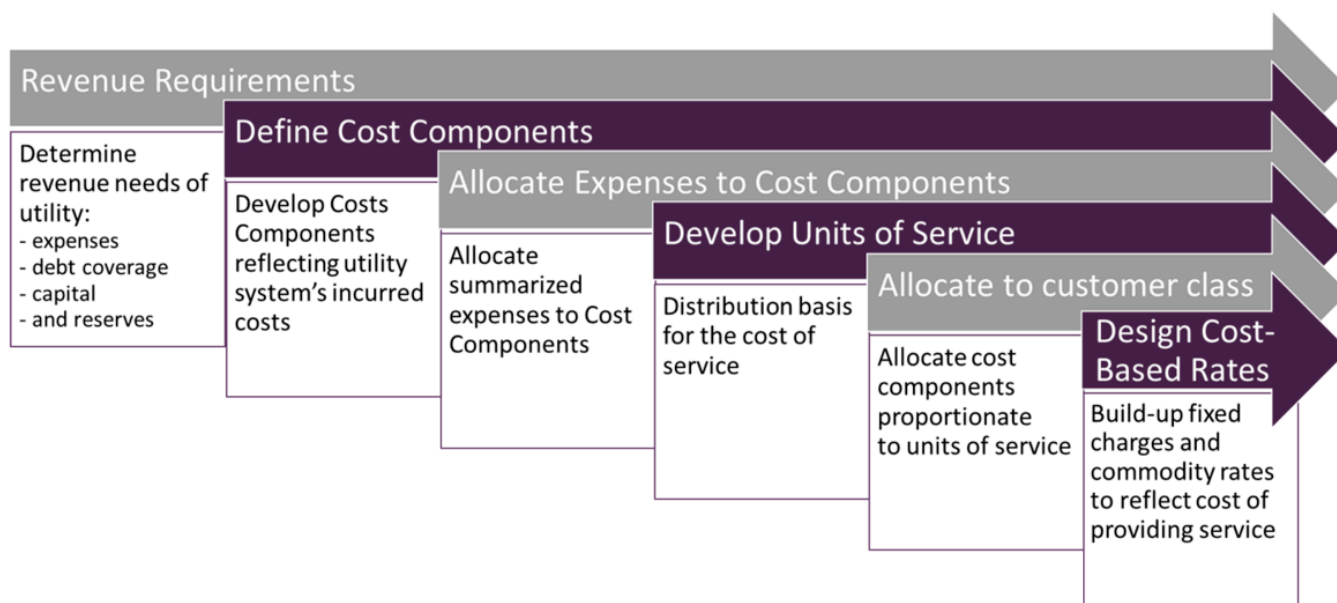
Meetings: Two (2) webinars with staff to review revenue requirements and financial plan.

Deliverable: Financial plan models.

Project Management: We will hold 2 GoToMeeting webinars with staff to go through revenue requirements, financial plan, and discuss cost of service integration.

City Staff Impact: Available from time-to-time to discuss budget, specific costs, reserve policies and participate in 2 webinars.

TASK 3: COST OF SERVICE / RATE ANALYSIS



The cost of service analysis is a critical component of any rate study and directly ties to how rates will adjust, which ultimately impacts customer bills and provides a sound nexus between costs incurred and proposed rates. We will evaluate different options for the amount of revenue recovered from the City's fixed charges versus how much is recovered from the commodity rates for each utility. Adjustments between the fixed / variable split will be driven by identifying which costs may be shifted from being recovered from the variable component to a fixed component and why. A thorough updated consumption analysis will be conducted to capture new units of service and provide insight on the amount of revenue recovered between fixed charges and commodity rates. We will evaluate this revenue recovery matrix to determine if adjustments should be made for revenue sufficiency, affordability, and if cost allocations should be recalibrated based on the updated units of service within each utility. We will dive into these critical issues as we design rates and develop a sound, logical rate structure that is cost-based through a systematic approach with staff.

The comprehensive consumption analysis of City customers will determine how usage trends have changed since the previous study as well as the peaking characteristics of each customer type. As part of this task, we will perform sensitivity analysis with any potential changes to the rate structures. Any change to the rate structure could also impact revenue stability and we will identify the percent of revenue expected to come from each customer class while limiting the amount of revenue reliance through commodity rates. Expenses will be summarized based on functional categories which would then be allocated to cost components to show the make-up of the proposed fixed charges and commodity rates. With the completion of the initial cost of service and rate analysis, we will walk staff through the rate analysis of each utility model. The end result will clearly and succinctly show the cost components that make up the rates and their percentage of total charges.

Meetings: 3 webinars to review and discuss the cost of service and rate analysis: One per utility model.

Deliverable: Complete Utility Rate Models, PowerPoint summary of models, and meeting minutes.

Project Management: We will develop the initial cost of service analysis and design rates based on the initial framework developed in Task 1. Webinar will be held to walk-through the models as part of our ongoing collaboration, discuss how revenue requirements connect to the cost-of-service and proposed rates, and determine rate alternatives for consideration.

City Impact: Periodic conference calls to discuss additional data needs and webinars to walk-through rate model and rate alternatives.

TASK 4: RATE ALTERNATIVE WORKSHOP

With the proposed rates completed and thoroughly discussed through the model development with staff, a Rate Workshop will be conducted with senior staff. Rate alternatives for each utility will be discussed and how each alternative impact customer bills across the billable units for each utility. The customer impact analysis will show various results, including how the rate structure adjustments will impact customer bills, percent revenue recovery between fixed / variable, changes and impacts to financial responsibility of each customer class when compared to current revenue recovery from each class.

This interconnection between rates and impacts at the customer class level and account level will provide insight on how the different rate alternative options impacts customers. It will also provide results on the financial outlook of each utility and how revenue recovery shifts between fixed versus variable and degree of revenue volatility. This is why rates are not considered final once the model is completed through rate design. There will be iterations between the revenue requirements, cost allocations and rates to derive acceptable rates for the City and the community.

Meetings: Rate Workshop to discuss proposed rates and alternatives.

Deliverable: Presentation material and rate models.

Project Management: Obtain senior staff feedback on proposed rates, make necessary adjustments while maintaining compliance with Proposition 218 and Proposition 26.

City Impact: Review and discuss presentation material and attend Rate Workshop.

TASK 5: RATE STUDY REPORTS

Once the analysis is completed and rates finalized, we will draft a Cost of Service Report in compliance with Proposition 218 and Proposition 26 to serve as part of the administrative record for each utility. Our Report will document assumptions, describe the methodology, and walk the reader through the underlying calculations that derive the updated utility rates for each enterprise. We will also include an Executive Summary highlighting the primary drivers of any necessary revenue adjustments, financial plan review, and corresponding rates. We expect two iterations of the Report to incorporate edits and comments from the City and the City Attorney. The final Report will be prepared and available as part of the noticing requirements and Public Hearing.

Meetings: Conference calls as needed to finalize Report.

Deliverable: Preliminary Report and Final Report.

Project Management: Draft reports and a final report will be provided to the City. As part of the project management for this task, Mr. Isaac will prepare the Reports with Ms. Boehling providing peer review and Mr. Davis providing technical support for solid waste. We expect a week for City review and another week for City Attorney. IB Consulting will address all comments and edits as part of finalizing Report.

City Impact: Review Report and provide any edits and comments for inclusion within the Final Report.

TASK 6: PUBLIC HEARING

We will review the Proposition 218 Notice to ensure it ties to our analysis and Report. We will provide any rate tables requested and incorporate graphics showing customer impacts. We will also be in attendance at the Public Hearing to answer any technical questions and we will provide a brief PowerPoint presentation, if desired, summarizing the Report, our findings, and proposed rates.

Meetings: One (1) meeting to attend Public Hearing.

Deliverable: PowerPoint, if necessary.

Project Management: Report will be provided as "Final" for the Public Hearing and if a majority protest does not exist, the Report may be adopted as final.

City Impact: N/A

EXHIBIT “B”

Cost Estimate

Below is our not-to-exceed cost estimate for the scope of services outlined herein. We will bill monthly based on our hourly rates and travel expenses. Travel expenses for meetings are estimated and listed separately. In addition, the cost for printing and mailing the Proposition 218 notices are not included as part of the cost estimate provided below. We will work with staff to adjust the fee schedule if any changes to the detailed scope or number of meetings are requested.

Task	Description	H. Isaac Principal	A. Boehling Principal	D. Davis MSW	Estimated Hours	Hourly Rate	Estimated Cost
1	Data Collection and Kick-Off Meeting	16	16	16	48	\$195	\$9,360
2	Utilities Financial Plans	40	60	24	124	\$195	\$24,180
3	Cost of Service / Rate Analysis	40	40	40	120	\$195	\$23,400
4	Rate Alternative Workshop	32	24	20	76	\$195	\$14,820
5	Rate Study Reports	50	32	24	106	\$195	\$20,670
6	Public Hearing	16	4	4	24	\$195	\$4,680
Hourly Costs		194	176	128	498		\$97,110
Cost for Public Hearing							\$515
Utility Rate Studies							\$97,625





Project Schedule

Below is our recommended timeline for a complete cost of service study.

