TO: Honorable Mayor and City Council  DATE: August 24, 2020

FROM: Matthew Bronson, City Manager

PREPARED BY: Deanne Purcell, Administrative Services Director

SUBJECT: Authorization to Proceed with Utility Rate Study

RECOMMENDATION

Approve a Professional Services Agreement with Willdan Financial Services for a multi-year utility rate study and authorize the Mayor to execute the agreement on behalf of the City.

BACKGROUND

On May 29, 2020, staff issued a Request for Proposals (RFP) requesting responses from firms qualified to perform Utility Rate Studies and Analysis for the City’s water and wastewater rates and received seven responses. A staff review committee reviewed and rated the proposals. The scoring was based on evaluating four main criteria: 1) the capacity of the team to do the work, 2) the team’s demonstrated qualifications and technical experience, 3) the project manager’s ability to manage the project, based on experience in similar projects and complexity, and 4) the approach and understanding of the project highlighted in the City’s RFP. The committee tallied the scores based on a weighted percentage and narrowed the number of qualified proposals to three firms. Based on the highest score, the selection committee is recommending Willdan Financial Services which also carried out the previous utility rate study conducted in 2016.

Cost was not the first consideration by the committee although the committee noted that the top two firms were within $10,000 in price for the same service when comparing the cost proposals. After staff met with Willdan Financial Services, Willdan was able to revise its proposal and reduce the cost by $5,000. The study will be carried out this fall with the results presented to the Council in early 2021.

FISCAL IMPACT

The study will cost an estimated $76,000 and will be funded through the operating budgets in the Water and Wastewater Funds.

ALTERNATIVES

The City Council has the following alternatives to consider:

1. Enter into a Professional Services Agreement with Willdan Financial Services for a multi-year utility rate study and authorize the Mayor to execute the agreement on behalf of the City; or

2. Provide staff with alternative direction.
PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

ATTACHMENTS

1. Agreement with Willdan Financial Services
AGREEMENT  
CITY OF GROVER BEACH, CALIFORNIA  
PROFESSIONAL SERVICES  
FINANCIAL ANALYSIS AND RATE STUDY

THIS AGREEMENT is made and entered into effective the 24th day of August 2020, by and between the CITY OF GROVER BEACH, a California municipal corporation (hereinafter referred to as "CITY"), and WILLDAN FINANCIAL SERVICES (hereinafter referred to as "CONSULTANT").

RECITALS  
WHEREAS, CITY desires to obtain professional services for the Financial Analysis and Rate Study more specifically identified in the Proposal, Scope of Work and Fee Schedule, jointly attached as "Exhibit A" to this Agreement, herein referred to as the PROJECT; and

WHEREAS, CONSULTANT is engaged in the business of financial services and hereby represents that it desires to and is professionally and legally capable of performing the services called for by this Agreement; and

WHEREAS, this Agreement sets forth the terms and conditions under which CONSULTANT shall provide professional services, to be paid by the City of Grover Beach; and

WHEREAS, this Agreement will be administered for CITY by the Administrative Services Director, hereinafter referred to as DIRECTOR or his/her designee.

AGREEMENT  
NOW, THEREFORE, in consideration of the foregoing and of the covenants, conditions, and promises hereinafter contained to be kept and performed by the respective parties, it is mutually agreed as follows:

ARTICLE I. SCOPE OF SERVICES  
CONSULTANT shall complete said PROJECT described herein and more fully described in Exhibit A, and in accordance with local, State and Federal laws. This shall include all work incidental to, or necessary to perform, such services even though not specifically described in Exhibit A.

ARTICLE II. COMPENSATION AND PAYMENT  
A. CONSULTANT'S sole compensation for satisfactory performance of all services required or rendered pursuant to this Agreement shall be performed on a not to exceed basis of $75.915.

B. CONSULTANT shall invoice CITY on a monthly basis, via detailed statement, which will be processed and payable in the normal course of CITY business, typically within 30 days of receipt of an invoice unless otherwise identified in this Agreement.

C. The parties may modify this Agreement to increase or decrease the scope of services or provide for the rendition of services not required by this Agreement, which modification shall include an adjustment to CONSULTANT'S compensation. Any change in the scope of services must be made by written Contract Amendment to the Agreement signed by an authorized representative for each party. CONSULTANT shall not be entitled to any additional compensation if services are performed prior to a signed written Contract Amendment.
D. At any time prior to issuance of final payment, the CITY may conduct a cost audit of CONSULTANT’S invoices/statements. Any payment may be reduced by amounts found by CITY not to constitute allowable costs and/or adjusted for prior overpayments or underpayments. Upon CONSULTANT’S compliance with all terms of this Agreement, City shall promptly pay any balance of allowable costs.

ARTICLE III. TERMINATION, REMEDIES, FORCE MAJEURE AND CONSOLIDATION OF DISPUTES

A. This Agreement shall terminate without any liability of CITY to CONSULTANT upon the earlier of:
   (i) CONSULTANT’S filing for protection under the federal bankruptcy laws, or any bankruptcy petition or petition for receiver commenced by a third party against CONSULTANT;
   (ii) Seven (7) calendar days written notice, with or without cause, by either the CITY or CONSULTANT;
   (iii) Expiration of this Agreement.

B. Upon any termination or expiration of this Agreement, CONSULTANT shall
   (i) Immediately stop all work hereunder;
   (ii) Immediately cause any and all of its subcontractors to cease work; and
   (iii) Return to CITY any and all unearned payments and all properties and materials in the possession of CONSULTANT that are owned by CITY. Subject to the terms of this Agreement, CONSULTANT shall be paid compensation for services satisfactorily performed prior to the effective date of termination. CONSULTANT shall not be paid for any work or services performed or costs incurred which reasonably could have been avoided.

C. In the event of termination due to failure of CONSULTANT to satisfactorily perform in accordance with the terms of this Agreement, CITY may withhold an amount that would otherwise be payable as an offset to, but not in excess of, CITY’S damages caused by such failure. In no event shall any payment by CITY pursuant to this Agreement constitute a waiver by CITY of any breach of this Agreement which may then exist on the part of CONSULTANT, nor shall such payment impair or prejudice any remedy available to CITY with respect to the breach.

D. Upon any breach of this Agreement by CONSULTANT, CITY may:
   (i) Exercise any right, remedy (in contract, law or equity), or privilege which may be available to it under applicable laws of the State of California or any other applicable law;
   (ii) Proceed by appropriate court action to enforce the terms of the Agreement; and/or
   (iii) Recover all direct, indirect, consequential, economic and incidental damages for the breach of the Agreement. If it is determined that CITY improperly terminated this Agreement for default, such termination shall be deemed a termination for convenience.

E. CONSULTANT shall provide CITY with adequate written assurances of future performance, upon the request of the Director or his/her designee, in the event CONSULTANT fails to comply with any terms or conditions of this Agreement.

F. CONSULTANT shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of CONSULTANT and without its fault or negligence such as, acts of God or the public enemy, acts of CITY in its contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. CONSULTANT shall notify the Director or his/her designee in writing as soon as it is reasonably possible after the commencement of any excusable delay, setting forth the full particulars in connection therewith, and shall remedy
such occurrence with all reasonable dispatch, and shall promptly give written notice to the Director or his/her designee of the cessation of such occurrence.

G. **CONSULTANT** agrees that, notwithstanding any contrary provision in this Agreement, any dispute arising from or relating to this Agreement (including, without limitation, disputes based on contract, tort, equity or statute) may, at **CITY’S** option, be joined and consolidated with any other dispute or disputes arising from or relating to the PROJECT so that all disputes arising from or relating to the PROJECT may be resolved in a single proceeding. **CONSULTANT** hereby specifically waives any objection it may otherwise have to such joinder and consolidation and specifically consents to mediation, arbitration or any other dispute resolution mechanism, forum or proceeding necessary to effectuate the joinder and consolidation contemplated by this provision.

**ARTICLE IV. CONFIDENTIAL INFORMATION, OWNERSHIP OF DOCUMENTS AND COPYRIGHT LICENSE**

A. Any reports, information, or other data prepared or assembled by **CONSULTANT** pursuant to this Agreement shall not be made available to any individual or organization by **CONSULTANT** without the prior written approval of **CITY**. During the term of this Agreement, and thereafter, **CONSULTANT** shall not, without the prior written consent of **CITY**, disclose to anyone any Confidential Information. The term Confidential Information for the purposes of this Agreement shall include all proprietary and confidential information of **CITY**, including but not limited to business plans, marketing plans, financial information, designs, drawings, specifications, materials, compilations, documents, instruments, models, source or object codes and other information developed pursuant to this Agreement, disclosed or submitted, orally, in writing, or by any other medium or media, (otherwise referred to as “work”). All Confidential Information shall be and remain confidential and proprietary in **CITY**.

B. **CONSULTANT** shall not reproduce (such as photographs and prints), duplicate, distribute reproductions, or incorporate into any trademark or service mark, the work without the prior written consent of **CITY**. Any rights of the **CONSULTANT** in the work terminate upon the death of such **CONSULTANT** and do not extend to such **CONSULTANT’S** heirs, successors or assigns.

C. Title to the work shall pass to **CITY** upon final acceptance by **CITY**. **CITY** reserves the right to donate, transfer or sell the work or any portion thereof. **CITY** shall have the exclusive right to publicly display the work and shall have a license to reproduce (such as photographs and prints) or create three-dimensional reproductions of the work for any noncommercial purpose (including, but not limited to, books, slides, postcards, film, Internet sites, reproductions for advertising, and other media). Prior to public display, the **CITY** shall consider the sensitive nature and potential security risk of releasing the information to the general public. Such reproductions shall contain if legally necessary a copyright notice. Reproductions for commercial purposes are only to be made with the mutual written consent of **CONSULTANT** and **CITY**. All references and reproductions or adaptations of the work will credit the work to the **CONSULTANT** unless **CONSULTANT** requests to the contrary. **CITY** reserves the right to modify, remove and/or relocate the work at any time, and after consultation with **CONSULTANT**, shall have the right to determine when and if modifications, repairs and/or restorations are needed. If City makes modifications, repairs or restoration not approved by the **CONSULTANT**, the **CONSULTANT** shall have the right to sever its association with the work. **CONSULTANT** agrees to give **CITY** written notice prior to asserting any claim pertaining to the work, and **CITY** shall have not less than 90 days from the date of receipt of claim to cure any such claim. **CITY** may incorporate the work into any trademark or service mark to be utilized by City to register the same in accordance with Federal, state or local law.
D. If **CONSULTANT** should subcontract all or any portion of the services to be performed under this Agreement, **CONSULTANT** shall cause each subcontractor to also comply with the requirements of this Article (IV).

This Article (IV) shall survive expiration or termination of this Agreement.

**ARTICLE V. PROFESSIONAL SKILL**

It is further mutually understood and agreed by and between the parties hereto that inasmuch as **CONSULTANT** represents to **CITY** that **CONSULTANT** and its subcontractors, if any, are skilled in the profession and shall perform in accordance with the standards of said profession necessary to perform the services agreed to be done by it under this Agreement, **CITY** relies upon the skill of **CONSULTANT** and any subcontractors to do and perform such services in a skillful manner and **CONSULTANT** agrees to thus perform the services and require the same of any subcontractors. Therefore, any acceptance of such services by **CITY** shall not operate as a release of **CONSULTANT** or any subcontractors from said professional standards.

**ARTICLE VI. INDEMNIFICATION AND DEFENSE**

A. **Indemnification and Defense for Professional Services:** To the fullest extent permitted by law, **CONSULTANT** shall indemnify, defend and hold harmless **CITY** and any and all of its officers, officials, employees, agents and volunteers (“Indemnified Parties”) from and against any and all claims, losses, liabilities, damages, costs and expenses, including legal counsel’s fees and costs, to the extent they arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the **CONSULTANT**. **CONSULTANT’S** duty to defend shall consist of reimbursement of defense costs incurred by **CITY** in direct proportion to the **CONSULTANT’S** proportionate percentage of fault. **CONSULTANT’S** percentage of fault shall be determined, as applicable, by a court of law, jury or arbitrator. In the event any loss, liability or damage is incurred by way of settlement or resolution without a court, jury or arbitrator having made a determination of the **CONSULTANT’S** percentage of fault, the parties agree to mediation with a third party neutral to determine the **CONSULTANT’S** proportionate percentage of fault for purposes of determining the amount of indemnity and defense cost reimbursement owed to the **CITY**.

B. **For All Other Liabilities:** Notwithstanding the foregoing and without diminishing any rights of **CITY** under this Article (V), for any liability, claim, demand, allegation against **CITY** arising out of, related to, or pertaining to any act or omission of **CONSULTANT**, but which is not a design professional service, **CONSULTANT** shall defend, indemnify, and hold harmless **CITY**, its officials, employees, and agents (“Indemnified Parties”) from and against any and all damages, costs, expenses (including reasonable attorney fees and expert witness fees), judgments, settlements, and/or arbitration awards, whether for personal or bodily injury, property damage, or economic injury, and arising out of, related to, any concurrent or contributory negligence on the part of the **CITY**, except for the sole or active negligence of, or willful misconduct of the **CITY**.

C. If **CONSULTANT** should subcontract all or any portion of the services to be performed under this Agreement, **CONSULTANT** shall require each subcontractor to indemnify, hold harmless and defend **CITY** and each of its officers, officials, employees, agents and volunteers in accordance with the terms of the preceding paragraph.

This Article (VI) shall survive termination or expiration of this Agreement.
ARTICLE VII. INSURANCE

A. Throughout the life of this Agreement, CONSULTANT shall pay for and maintain in full force and effect all insurance as required in Exhibit B, which is incorporated into and part of this Agreement, with an insurance company(ies) either:

(i) Admitted by the California Insurance Commissioner to do business in the State of California and rated no less than “A-VII” in the Best’s Insurance Rating Guide; or

(ii) As may be authorized in writing by CITY’S Administrative Services Director, or his/her successor, or his/her designee at any time and in his/her sole discretion. The required policies of insurance as stated in Exhibit B shall maintain limits of liability of not less than those amounts stated therein.

B. If at any time during the life of the Agreement or any extension, CONSULTANT or any of its subcontractors/sub-consultants fail to maintain any required insurance in full force and effect, all services and work under this Agreement shall be discontinued immediately, and all payments due or that become due to CONSULTANT shall be withheld until notice is received by CITY that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to CITY. Any failure to maintain the required insurance shall be sufficient cause for CITY to terminate this Agreement. No action taken by CITY pursuant to this Article (VII) shall in any way relieve CONSULTANT of its responsibilities under this Agreement. The phrase “fail to maintain any required insurance” shall include, without limitation, notification received by CITY that an insurer has commenced proceedings, or has had proceedings commenced against it, indicating that the insurer is insolvent.

C. The fact that insurance is obtained by CONSULTANT shall not be deemed to release or diminish the liability of CONSULTANT, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify CITY shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONSULTANT. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of CONSULTANT, its principals, officers, agents, employees, persons under the supervision of CONSULTANT, vendors, suppliers, invitees, consultants, sub-consultants, subcontractors, or anyone employed directly or indirectly by any of them.

D. If CONSULTANT should subcontract all or any portion of the services to be performed under this Agreement, CONSULTANT shall require each subcontractor/sub-consultant to provide insurance protection, as an additional insured, to the CITY and each of its officers, officials, employees, agents and volunteers in accordance with the terms of this section, except that any required certificates and applicable endorsements shall be on file with CONSULTANT and CITY prior to the commencement of any services by the subcontractor. CONSULTANT and any subcontractor/sub-consultant shall establish additional insured status for CITY, its officers, officials, employees, agents and volunteers.

ARTICLE VIII. CONFLICT OF INTEREST AND NON-SOLICITATION

A. Prior to CITY’S execution of this Agreement, CONSULTANT shall complete a City of Grover Beach Conflict of Interest Disclosure Statement in the form as set forth in Exhibit C. During the term of this Agreement, CONSULTANT shall have the obligation and duty to immediately notify CITY in writing of any change to the information provided by CONSULTANT in such statement.
B. **CONSULTANT** shall comply, and require its subcontractors to comply, with all applicable
   (i) Professional canons and requirements governing avoidance of impermissible client conflicts; and
   (ii) Federal, state and local conflict of interest laws and regulations including, without limitation, California Government Code Section 1090 et. seq., the California Political Reform Act (California Government Code Section 87100 et. seq.), and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations Section 18700 et. seq.).

At any time, upon written request of **CITY, CONSULTANT** shall provide a written opinion of its legal counsel and that of any subcontractor that, after a due diligent inquiry, **CONSULTANT** and the respective subcontractor(s) are in full compliance with all laws and regulations. **CONSULTANT** shall take, and require its subcontractors to take, reasonable steps to avoid any appearance of a conflict of interest. Upon discovery of any facts giving rise to the appearance of a conflict of interest, **CONSULTANT** shall immediately notify **CITY** of these facts in writing.

C. In performing the work or services to be provided hereunder, **CONSULTANT** shall not employ or retain the services of any person while such person either is employed by **CITY** or is a member of any **CITY** council, commission, board, committee, or similar **CITY** body. This requirement may be waived in writing by the City Manager, if no actual or potential conflict is involved.

D. **CONSULTANT** represents and warrants that it has not paid or agreed to pay any compensation, contingent or otherwise, direct or indirect, to solicit or procure this Agreement or any rights/benefits hereunder.

E. Neither **CONSULTANT**, nor any of **CONSULTANT’S** subcontractors performing any services on this Project, shall bid for, assist anyone in the preparation of a bid for, or perform any services pursuant to, any other contract in connection with this Project. **CONSULTANT** and any of its subcontractors shall have no interest, direct or indirect, in any other contract with a third party in connection with this Project unless such interest is in accordance with all applicable law and fully disclosed to and approved by the City Manager, in advance and in writing.

F. If **CONSULTANT** should subcontract all or any portion of the work to be performed or services to be provided under this Agreement, **CONSULTANT** shall include the provisions of this Article in each subcontract and require its subcontractors to comply therewith.

This Article (VIII) shall survive termination or expiration of this Agreement.

**ARTICLE IX. GENERAL TERMS**

A. Except as otherwise provided by law, all notices expressly required of **CITY** within the body of this Agreement, and not otherwise specifically provided for, shall be effective only if signed by the Director or his/her designee.
B. Records of CONSULTANT’S expenses pertaining to the Project shall be kept on a generally recognized accounting basis and shall be available to CITY or its authorized representatives upon request during regular business hours throughout the life of this Agreement and for a period of three years after final payment or, if longer, for any period required by law. In addition, all books, documents, papers, and records of CONSULTANT pertaining to the Project shall be available for the purpose of making audits, examinations, excerpts, and transcriptions for the same period of time. If any litigation, claim, negotiations, audit or other action is commenced before the expiration of said time period, all records shall be retained and made available to CITY until such action is resolved, or until the end of said time period whichever shall later occur. If CONSULTANT should subcontract all or any portion of the services to be performed under this Agreement, CONSULTANT shall cause each subcontractor to also comply with the requirements of this paragraph. This Article 10(B) shall survive expiration or termination of this Agreement.

C. Prior to execution of this Agreement by CITY, CONSULTANT shall have provided evidence to CITY that CONSULTANT is licensed to perform the services called for by this Agreement (or that no license is required). CONSULTANT and any subcontractors shall agree to obtain any local licensing or certifications necessary to perform services within the City, including but not limited to City Business Tax Certificates. If CONSULTANT should subcontract all or any portion of the work or services to be performed under this Agreement, CONSULTANT shall require each subcontractor to provide evidence to CITY that subcontractor is licensed to perform the services called for by this Agreement (or that no license is required) before beginning work.

ARTICLE X. NONDISCRIMINATION
To the extent required by controlling federal, state and local law, CONSULTANT shall not employ discriminatory practices in the provision of services, employment of personnel, or in any other respect on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, ethnicity, status as a disabled veteran or veteran of the Vietnam era. Subject to the foregoing and during the performance of this Agreement, CONSULTANT agrees as follows:

A. CONSULTANT will comply with all applicable laws and regulations providing that no person shall, on the grounds of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Agreement.

B. CONSULTANT will not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, gender identification, status as a disabled veteran or veteran of the Vietnam era. CONSULTANT shall ensure that applicants are employed, and the employees are treated during employment, without regard to their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, gender identification, status as a disabled veteran or veteran of the Vietnam era. Such requirement shall apply to CONSULTANT’S employment practices including, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CONSULTANT agrees to post in
conspicuous places, available to employees and applicants for employment, notices setting forth the provision of this nondiscrimination clause.

C. CONSULTANT will, in all solicitations or advertisements for employees placed by or on behalf of CONSULTANT in pursuit hereof, state that all qualified applicants will receive consideration for employment without regard to race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era.

D. CONSULTANT will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice advising such labor union or workers' representatives of CONSULTANT'S commitment under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

E. If CONSULTANT should subcontract all or any portion of the services to be performed under this Agreement, CONSULTANT shall cause each subcontractor to also comply with the requirements of this Article (X).

ARTICLE XI. INDEPENDENT CONTRACTOR

A. In the furnishing of the services provided for herein, CONSULTANT is acting solely as an independent contractor. Neither CONSULTANT, nor any of its officers, agents or employees shall be deemed an officer, agent, employee, joint venture, partner or associate of CITY for any purpose. CITY shall have no right to control or supervise or direct the manner or method by which CONSULTANT shall perform its work and functions. However, CITY shall retain the right to administer this Agreement so as to verify that CONSULTANT is performing its obligations in accordance with the terms and conditions thereof.

B. This Agreement is not evidence of a partnership or joint venture between CONSULTANT and CITY. CONSULTANT shall have no authority to bind CITY absent CITY'S express written consent. Except to the extent otherwise provided in this Agreement, CONSULTANT shall bear its own costs and expenses in pursuit thereof.

C. Because of its status as an independent contractor, CONSULTANT and its officers, agents and employees shall have absolutely no right to employment rights and benefits available to CITY employees. CONSULTANT shall be solely liable and responsible for all payroll and tax withholding and for providing to, or on behalf of, its employees all employee benefits including, without limitation, health, welfare and retirement benefits. In addition, together with its other obligations under this Agreement, CONSULTANT shall be solely responsible, indemnify, defend and save CITY harmless from all matters relating to employment and tax withholding for and payment of CONSULTANT'S employees, including, without limitation:

(i) Compliance with Social Security and unemployment insurance withholding, payment of workers’ compensation benefits, and all other laws and regulations governing matters of employee withholding, taxes and payment; and

(ii) Any claim of right or interest in CITY employment benefits, entitlements, programs and/or funds offered employees of CITY whether arising by reason of any common law, de facto, leased, or co-employee rights or other theory. It is acknowledged that during the term of this Agreement, CONSULTANT may be providing services to others unrelated to CITY or to this Agreement.
ARTICLE X. NOTICES
All notices, including notices of address changes, required to be sent hereunder shall be in writing and shall be deemed to have been given when mailed to the addresses listed below:

A. CITY: City of Grover Beach, Deanne Purcell, Administrative Services Director, 154 South Eighth Street, Grover Beach, CA 93433
B. CONSULTANT: Willdan Financial Services, Chris Fisher, 27368 Via Industria, Suite 200, Temecula, CA 92590

ARTICLE XI. BINDING
Subject to Article XII, below, once this Agreement is signed by all parties, it shall be binding upon, and shall inure to the benefit of, all parties, and each parties’ respective heirs, successors, assigns, transferees, agents, servants, employees and representatives.

ARTICLE XII. ASSIGNMENT
A. This Agreement is personal to CONSULTANT and there shall be no assignment by CONSULTANT of its rights or obligations under this Agreement without the prior written approval of the Grover Beach City Council. Any attempted assignment by CONSULTANT, its successors or assigns, shall be null and void unless approved by the Grover Beach City Council.

B. CONSULTANT hereby agrees not to assign the payment of any monies due CONSULTANT from CITY under the terms of this Agreement to any other individual(s), corporation(s) or entity(ies). CITY retains the right to pay any and all monies due CONSULTANT directly to CONSULTANT.

ARTICLE XIII. COMPLIANCE THE LAW
In providing the services required under this Agreement, CONSULTANT shall at all times comply with all applicable laws of the United States, the State of California and CITY, and with all applicable regulations promulgated by federal, state, regional, or local administrative and regulatory agencies, now in force and as they may be enacted, issued, or amended during the term of this Agreement.

ARTICLE XIV. WAIVER
The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement. No provisions of this Agreement may be waived unless in writing and signed by all parties to this Agreement. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

ARTICLE XV. GOVERNING LAW AND VENUE
This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction. Venue for purposes of the filing of any action regarding the enforcement or interpretation of this Agreement and any rights and duties hereunder shall be San Luis Obispo County, California.

ARTICLE XVI. HEADINGS
The section headings in this Agreement are for convenience and reference only and shall not be construed or held in any way to explain, modify or add to the interpretation or meaning of the provisions of this Agreement.
ARTICLE XVII. SEVERABILITY
The provisions of this Agreement are severable. The invalidity, or unenforceability of any one provision in this Agreement shall not affect the other provisions.

ARTICLE XVIII. INTERPRETATION
The parties acknowledge that this Agreement in its final form is the result of the combined efforts of the parties and that, should any provision of this Agreement be found to be ambiguous in any way, such ambiguity shall not be resolved by construing this Agreement in favor of or against either party, but rather by construing the terms in accordance with their generally accepted meaning.

ARTICLE XIX. ATTORNEY’S FEES
If either party is required to commence any proceeding or legal action to enforce or interpret any term, covenant or condition of this Agreement, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses.

ARTICLE XX. EXHIBITS
Each exhibit and attachment referenced in this Agreement is, by the reference, incorporated into and made a part of this Agreement.

ARTICLE XXI. PRECEDENCE OF DOCUMENTS
In the event of any conflict between the body of this Agreement and any Exhibit or Attachment hereto, the terms and conditions of the body of this Agreement shall control and take precedence over the terms and conditions expressed within the Exhibit or Attachment. Furthermore, any terms or conditions contained within any Exhibit or Attachment hereto which purport to modify the allocation of risk between the parties, provided for within the body of this Agreement, shall be null and void.

ARTICLE XXII. CUMULATIVE REMEDIES
No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

ARTICLE XXIII. NO THIRD-PARTY BENEFICIARIES
The rights, interests, duties and obligations defined within this Agreement are intended for the specific parties hereto as identified in the preamble of this Agreement. Notwithstanding anything stated to the contrary in this Agreement, it is not intended that any rights or interests in this Agreement benefit or flow to the interest of any third parties.

ARTICLE XXIV. EXTENT OF AGREEMENT
Each party acknowledges that they have read and fully understand the contents of this Agreement and any documents issued that resulted in selection of CONSULTANT for entry into this Agreement. This Agreement represents the entire and integrated agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be modified only by written instrument duly authorized and executed by both CITY and CONSULTANT.
AGREEMENT SIGNATURES

CITY OF GROVER BEACH, CALIFORNIA
PROFESSIONAL CONSULTANT SERVICES
FINANCIAL ANALYSIS AND RATE STUDY

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the day and year first written above.

CITY OF GROVER BEACH

__________________________________________  __________________________
Jeff Lee, Mayor                               Date

Attest:

__________________________________________  __________________________
Wendi Sims, City Clerk                       Date

Approved as to Form:

__________________________________________  __________________________
David P. Hale, City Attorney                 Date

WILLDAN FINANCIAL SERVICES

__________________________________________  __________________________
Chris Fisher, Vice President-Group Manager   Date

Attachments:
1. Exhibit A - Scope of Services and Fee Schedule
2. Exhibit B - Insurance Requirements
3. Exhibit C - Disclosure of Conflict of Interest
CONSULTANT SCOPE OF WORK AND FEE SCHEDULE
INSURANCE REQUIREMENTS

Without limiting CONSULTANT’s indemnification of CITY, and prior to commencement of Work, CONSULTANT shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to CITY.

General liability insurance. CONSULTANT shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO “insured contract” language will not be accepted.

Automobile liability insurance. CONSULTANT shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the CONSULTANT arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than $1,000,000 combined single limit for each accident.

Professional liability (errors & omissions) insurance. CONSULTANT shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of $1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement and Consultant agrees to maintain continuous coverage through a period no less than three (3) years after completion of the services required by this Agreement.

Workers’ compensation insurance. CONSULTANT shall maintain Workers’ Compensation Insurance (Statutory Limits) and Employer’s Liability Insurance (with limits of at least $1,000,000).

Note: Workers’ compensation and employer’s liability insurance requirements may be eliminated for certain sole proprietorships, partnerships, or corporations without employees.

Consultant shall submit to CITY, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of CITY, its officers, agents, employees and volunteers.

Umbrella or excess liability insurance. CONSULTANT shall obtain and maintain an umbrella or excess liability insurance policy with limits that will provide bodily injury, personal injury and property damage liability coverage at least as broad as the primary coverages set forth above, including commercial general liability, automobile liability, and employer’s liability. Such policy or policies shall include the following terms and conditions:

- A drop down feature requiring the policy to respond if any primary insurance that would otherwise have applied proves to be uncollectible in whole or in part for any reason;
- Pay on behalf of wording as opposed to reimbursement;
- Concurrency of effective dates with primary policies;
- Policies shall “follow form” to the underlying primary policies; and
- Insureds under primary policies shall also be insureds under the umbrella or excess policies.
Other provisions or requirements

Proof of insurance. CONSULTANT shall provide certificates of insurance to CITY as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers’ compensation. Insurance certificates and endorsements must be approved by CITY’S Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with CITY at all times during the term of this contract. CITY reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. CONSULTANT shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Work hereunder by CONSULTANT, his agents, representatives, employees or subconsultants.

Primary/noncontributing. Coverage provided by CONSULTANT shall be primary and any insurance or self-insurance procured or maintained by CITY shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of CITY before the CITY’S own insurance or self-insurance shall be called upon to protect it as a named insured.

CITY’S rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, CITY has the right but not the duty to obtain the insurance it deems necessary and any premium paid by CITY will be promptly reimbursed by CONSULTANT or CITY will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, CITY may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders’ Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best’s Key Rating Guide, unless otherwise approved by the CITY’S Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against CITY, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow CONSULTANT or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. CONSULTANT hereby waives its own right of recovery against CITY, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). CONSULTANT acknowledges and agrees that any actual or alleged failure on the part of the CITY to inform CONSULTANT of non-compliance with any requirement imposes no additional obligations on the CITY nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the CITY requires and shall be entitled to coverage for the higher
limits maintained by the CONSULTANT. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the CITY.

Notice of cancellation. CONSULTANT agrees to oblige its insurance agent or broker and insurers to provide to CITY with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

Additional insured status. General liability policies shall provide or be endorsed to provide that CITY and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies.

Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to CITY and approved of in writing.

Separation of insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant’s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer’s limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

Pass through clause. CONSULTANT agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by CONSULTANT, provide the same minimum insurance coverage and endorsements required of CONSULTANT. CONSULTANT agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. CONSULTANT agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to CITY for review.

CITY’s right to revise specifications. The CITY reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the CONSULTANT ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the CONSULTANT, the CITY and Consultant may renegotiate CONSULTANT’S compensation.

Self-insured retentions. Any self-insured retentions must be declared to and approved by CITY. CITY reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by CITY.

Timely notice of claims. CONSULTANT shall give CITY prompt and timely notice of claims made or suits instituted that arise out of or result from CONSULTANT’S performance under this AGREEMENT, and that involve or may involve coverage under any of the required liability policies.

Additional insurance. CONSULTANT shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.
City of Grover Beach

Proposal

Financial Analysis & Rate Study
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3. Transmittal Letter

June 25, 2020

Ms. Annette Munoz
Finance Manager
City of Grover Beach
154 S 8th Street
Grover Beach, CA 93433

Re: Proposal to Conduct a Financial Analysis and Rate Study for the City of Grover Beach

Dear Ms. Munoz:

Willdan Financial Services (“Willdan”) is pleased to submit the following proposal to conduct a Financial Analysis and Rate Study on behalf of the City of Grover Beach (“City”). Willdan possesses considerable experience in rate and financial analysis and consulting for utilities.

Willdan’s interactive approach will result in a customized Excel financial model that the City will retain, and a focused and tailored analysis of the City's current rates, revenues, capital project and operational expenditures, debt commitments, reserve funding, and other financial data. The culmination of our analyses will be a comprehensive financial management plan that develops projected system operating results for the next five (5) fiscal years, and suggested rates for up to five (5) years. We will employ our proven interactive approach, supported with advanced financial modeling techniques, to develop a sophisticated and flexible financial model to help us guide the City through operating and financial scenarios, while evaluating the impact of policy assumptions, and performing sensitivity analysis on utility rate and financial strategies.

Our ability to focus on the financial aspects of operating publicly owned utility systems is coupled with recognized leadership in strategic planning and operations and enables us to bring unmatched value to our clients. Our team brings a set of nationally recognized qualifications and experts that sets us apart. These qualifications include:

Experience with Grover Beach — Willdan worked with the City of Grover Beach on the previous Water, Wastewater and Stormwater financial analysis and rate study and will bring the same level of professionalism and expertise to this engagement. Our knowledge of the City, its utilities, recent history, rate policies and politics, will help us effectively gather data and information and clarify questions, and bring an informed approach to developing recommendations. We will leverage the previous models and analysis, and our knowledge of the City’s operations to facilitate this study in a cost-effective and efficient manner; focusing less time on data gathering, and more on analysis, resulting in lower project cost and a higher value.

Unique Approach — Our approach to the development of utility rates has been carefully honed over the years. We will work collaboratively with City staff to carefully assess and understand the City’s unique utility system concerns and issues, clarify goals and objectives for the study, and develop a tailored approach that will best serve your needs. We bring a combination of planning and financial expertise providing a thorough understanding of utility operations and management.

We use a sophisticated and dynamic model that allows us to create and evaluate alternatives resulting from changes in assumptions and input variables, to address different policy and financial objectives. This allows us to work collaboratively and transparently, to provide comprehensive business solutions. Our objective is to educate and inform throughout the process, not just at the completion of the project.

 Communicating the Results — Sound technical analysis is only one element of this process. It will be equally important to effectively communicate results and implications of the proposed rate structure to City staff, City Council, key stakeholders and, ultimately, to those that will be subject to new rates. Most of our projects incorporate significant community and/or stakeholder involvement and education efforts, and our experienced consultants are able to communicate complicated technical analysis in a manner that is easy to follow and understand.
The intuitive setup of our financial models allows Willdan to discuss and present critical information in a way that maximizes engagement and facilitates outreach. Our reports and presentations provide a solid understanding of the project and the rationale behind the development of the rates.

Unmatched Experience Developing and Implementing Utility Rates — Willdan is nationally recognized for its expertise in developing and implementing utility system financial planning, rate and impact fee studies, and has extensive recent experience in California implementing Proposition 218 compliant rate structures. We recently completed successful comprehensive studies for the Cities of Richmond, Sebastopol, Pinole, Dinuba, Avenal, and Tulare, and the McKinleyville Community Services District, and are currently working with the City of Hercules, with experience that relates closely to the goals and objectives of the City’s proposed study.

Willdan maintains exceptional experience in these areas and is excited about this opportunity to use our skills and expertise to assist the City of Grover Beach.

Willdan acknowledges herein its willingness to maintain all specified fees and services for a period of ninety (90) days from the closing date June 25, 2020. I, Chris Fisher, will serve as the Primary Contact person for this proposal; as an officer of the firm, I am authorized to bind Willdan Financial Services. Provided in the table below is my contact information.

<table>
<thead>
<tr>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Manager</strong></td>
</tr>
<tr>
<td>Chris Fisher</td>
</tr>
<tr>
<td>Vice President – Group Manager</td>
</tr>
<tr>
<td>27368 Via Industria, Suite 200</td>
</tr>
<tr>
<td>Temecula, CA 92590</td>
</tr>
<tr>
<td>Tel#: (951) 587-3500</td>
</tr>
<tr>
<td>Email: <a href="mailto:CFisher@Willdan.com">CFisher@Willdan.com</a></td>
</tr>
</tbody>
</table>

Sincerely,

WILLDAN FINANCIAL SERVICES

Chris Fisher
Vice President – Group Manager
Financial Consulting Services
4. Key Personnel

Project Team

Our management and supervision of the project team is very simple: staff every position with experienced, capable personnel in sufficient numbers to deliver a superior product to the City, on time and on budget. With that philosophy in mind, we have selected experienced professionals for this engagement. We are confident that our team possesses the depth of experience that will successfully fulfill your desired work performance.

Mr. Chris Fisher will serve as the Principal-in-Charge and Project Manager for the City’s engagement. With more than 21 years of experience at Willdan, Mr. Fisher has managed an array of financial consulting projects for public agencies in California, Texas, Arizona, Colorado and Florida, coordinating the activities of resources within Willdan, as well as those from other firms working conjointly on projects. He is one of the firm’s leading experts for utility rate analysis and Proposition 218 compliance. Mr. Fisher is a Willdan Financial Services Vice President and is the Financial Consulting Services Group Manager.

Mr. Jeff McGarvey will provide Technical and Policy Guidance, as well as Quality Control/Quality Assurance for the City’s engagement. With 27 years of experience, Mr. McGarvey is a Managing Principal in Willdan’s Financial Consulting Services group; and has provided professional consulting services to municipal water, sewer, solid waste, electric, and natural gas utilities throughout the country. He possesses a broad range of municipal utility systems’ experience: including special expertise in complex alternatives analyses, utility rate analyses, utility valuations and acquisitions, regionalization and consolidation studies, and debt issuance support.

Mr. Kevin Burnett will serve as the Lead Project Consultant for the City’s Water and Wastewater Rate Study. He has served as a municipal utility rate consultant for 19 years, during which he has conducted over 100 rate studies across the country. His experience extends across a variety of utility rate and financial studies, including retail and wholesale rate and cost of service studies; connection/impact fee studies; miscellaneous fee and charge studies; bond feasibility reports; interactive rate model development; CIP financial scenario planning; rate ordinance drafting; and billing system validation/rate testing.

Mr. Mike Medve will serve as in the role of Lead Project Consultant for the Stormwater Fee Analysis portion of the project. He will organize and direct the work plan, coordinate the input and update of data, oversee the development of the parcel database, calculate and apportion the stormwater fee and coordinate the Proposition 218 noticing and balloting process. Mr. Medve will attend meetings, make presentations, and assist in tracking the project schedule, thereby ensuring the timely completion of critical documents, notices, and recordings.

Mr. Jim McGuire will serve as the Stormwater Fee Analysis Technical Advisor. Mr. McGuire is one of Willdan’s lead technical advisors for Proposition 218 assessment engineering evaluations, fiscal analyses, cost-recovery and allocation studies, and long-term strategic planning for capital improvement projects and maintenance districts.

Mr. Michael Cronan will serve in the role of Financial Analyst, collecting, interpreting, and analyzing the data necessary for the study. He will work with the team to develop and tailor the financial model to the City’s specific needs and objectives, and incorporate the City’s data. During his tenure, he has served jurisdictions throughout California, Colorado, and Florida.

Staff Continuity

Mr. Fisher has been assigned to serve as the City’s representative; and has been selected for this role due to his extensive experience, which includes the preparation and supervision of numerous utility rate studies, as well as his experience presenting to governing bodies, stakeholders, and industry groups. Willdan is composed of over 1,300 employees, including a cadre of public finance experts. If necessary, Mr. Fisher can recruit additional, qualified individuals from our employee roster to assist with the completion of this engagement to deliver the final materials on time and within budget. We do not anticipate staffing changes during the course of the project, however, should the situation arise, any change in team members will be discussed and approved in concert with the City prior to the change being made.
Chris Fisher
Principal-in-Charge/Project Manager

Mr. Fisher has been selected to serve as the Principal-in-Charge and Project Manager of the City of Grover Beach’s engagement, due to his extensive experience managing multi-disciplinary teams. He also possesses extensive knowledge regarding Proposition 218 compliance.

Mr. Fisher is the Vice President and Financial Consulting Services Group Manager at Willdan Financial Services. With more than 21 years’ at Willdan, he has managed an array of financial consulting projects for public agencies throughout California, Arizona, Texas, Colorado, and Florida; coordinating the activities of resources within Willdan, as well as those from other firms working on these projects.

Select Relevant Experience

City of Sebastopol, CA – Water and Wastewater Fee Study: Mr. Fisher led the City of Sebastopol engagement as the principal-in-charge. The objective of the study was to update water and wastewater rates to address capital needs for both utilities, and ensure rates provided adequate funding for ongoing operations and maintenance. Our project work included development of a comprehensive financial model and preparation of rate scenarios for evaluation by Staff and the City Council. Mr. Fisher and the project team presented the results to the City Council and instructed staff on the use of the model.

City of Richmond, CA – Wastewater Rate Study: Mr. Fisher led the City of Richmond engagement as the principal-in-charge. The objective of the study was to prepare a comprehensive financial plan and updated wastewater rates to address funding for capital and operating needs. Our effort included development of a comprehensive financial model and report, and preparation of rate scenarios, including revised scenarios to address the impacts of the COVID pandemic, for evaluation by Staff and the City Council. Mr. Fisher and the project team presented the results to the City Council, whereby rate increases were approved.

McKinleyville Community Services District, CA – Water and Wastewater Capacity Fee Study: Mr. Fisher served as principal-in-charge of this project. The prior connection fees had not been updated for a number of years and were relatively low in comparison to similar agencies. In addition, there were several new local development projects in the planning stages requiring the District to provide utility services; placing even greater demand upon existing facilities and possibly requiring expansion of existing facilities, or construction of new ones. Willdan worked with staff to compile a list of proposed capital improvements and their estimated cost and conducted an analysis of existing and proposed development within the District boundaries. Finally, the team analyzed existing demand on the current utility systems and calculated remaining capacity in order to develop fair and equitable capacity fees.

City of Delano, CA – Water, Sanitary Sewer, Solid Waste and Street Cleaning Utility Rate Study: Mr. Fisher led this multi-faceted study. Recently developed financial studies did not match current economic realities, and as such the utilities were not generating sufficient cash flows. Given the volatile economy, the City hired Willdan to lead the development of a comprehensive utility financial plan and appropriate water, sewer and solid waste rates to meet the determined level of required revenue. Willdan modeled and analyzed numerous financial and rate scenarios through the course of the project.

Town of Apple Valley, CA – Wastewater Rate Study: Mr. Fisher oversaw a comprehensive wastewater rate study for the Town. The study encompassed the preparation of a financial plan and rate model, and a thorough review and update of the Town’s rate structure. The Town had seen significant scrutiny of its water rates, so it wanted to be sure the wastewater rates and the report were thorough and defensible. The Town uses an EDU based rate structure, which Willdan evaluated and adjusted where necessary. This engagement also included comparison of current and proposed rates, and rates of similar agencies. Mr. Fisher provided technical assistance throughout this project, including the preparation of the rate report. The analytical portion of the project is complete and pending the completion of the Proposition 218 approval process.

Education
Bachelor of Science, Finance; San Francisco State University

Areas of Expertise
Multi-disciplinary Team Management

Special District Formations
Cost of Service Studies
Proposition 218
Utility Rate Studies

Affiliations
California Society of Municipal Finance Officers
Municipal Management Association of Northern California
California Municipal Treasurers Association

21 Years’ Experience
City of Grover Beach, California

Financial Analysis & Rate Study

City of Tulare, CA – Water and Wastewater Rate Study: Mr. Fisher oversaw the development of the model and rates for the City of Tulare. The Willdan Team was presented to both the City Council and Public Utilities Board in preparation of the City’s water and wastewater utility rates. Updated rate structures were developed that complied with Proposition 218.

City of Pinole, CA – Sewer Utility Rate Study: Mr. Fisher served as the principal-in-charge for the City’s sewer rate study, providing technical assistance throughout the project. He oversaw the development of the comprehensive financial plan, and preparation of rate alternatives and analysis. This engagement included the development of a comprehensive financial model and updated sewer rates, including rates of comparable jurisdictions, comparative rate and cost analysis.

City of Calexico, CA – Water & Sewer Utility Rate Study: Mr. Fisher served in the role of principal-in-charge of the City’s comprehensive water and sewer rate study. He led the development of the financial plan and model, and the rate analysis, and participated in the presentation of results to City Staff and the City Council. His responsibilities also included the scheduling of key meetings and deliverables, review of progress throughout the development of the project, and quality control.

Twentynine Palms, CA – Sewer Treatment Facility Fair Share and Sewer Rate Analysis: Mr. Fisher served as the Principal-in-Charge/Project Manager on the City of Twentynine Palms’ sewer treatment facility fair share analysis. The purpose of this analysis was to develop an allocation of costs associated with the completion of a wastewater treatment plant (and other related costs) project, in the downtown area of the City, as well as the development of specialized sewer rates who will be served by the new treatment plant. We developed a model and numerous scenarios for evaluation by the City, and presented results to the City Council.

City of Soledad, CA – Water Rate Study: Mr. Fisher was the project manager for this engagement with the City of Soledad, to complete a comprehensive financial plan and rate study for their water utility. The City’s water rates and connection fees had not been updated since 1996. Several times in the past ten years, proposed water rates were put off due to economic and political uncertainty. The water utility was losing money with existing rates and would have continued to do so if not addressed; they also needed to invest significantly in capital repair and replacement projects, as well as system upgrades. Mr. Fisher worked with City staff through the process of gathering and verifying data, developing a comprehensive revenue sufficiency analysis, including an on-site meeting to review the budget in detail. He also oversaw the development of the rate and financial model, including the basic revenue requirements, cost causation and basic rate scenarios. Once complete, Mr. Fisher finalized the rate recommendations with City staff prior to presentation to the City Council.

City of Burlingame, CA – Storm Drain Fee Initiative: Mr. Fisher served in the role of principal-in-charge for the City of Burlingame’s initiative. The City identified $40 million in infrastructure improvements necessary to alleviate severe flooding conditions throughout the community. To maintain existing service levels for operations funded by an increasingly constrained General Fund, the City decided to pursue an alternate financing resource under the mandates of Proposition 218. Mr. Fisher managed the completion of the impervious area analysis, the public opinion polling, the community outreach, and the Proposition 218 noticing/balloting procedures. The measure was successfully approved by the Burlingame property owners.

City of Moreno Valley, CA – CFD No. 7, Storm Drain and Street Improvements: As project manager, Mr. Fisher oversaw the formation of a Community Facilities District (CFD) to finance the construction of storm drain and street infrastructure improvements for an industrial/warehouse project in the City. He also worked with the City to modify the CFD’s Rate and Method of apportionment and supported the financing team in the issuance of $3.625MM in bonds.
Jeffrey McGarvey

Technical Advisor, QC/QA – Water & Wastewater Study Rate Study

Mr. Jeffrey McGarvey is a Managing Principal in Willdan’s Financial Consulting Services group, and for more than 27 years has provided professional consulting services to municipal water, wastewater, solid waste, electric, and natural gas utilities throughout the country. He possesses a broad range of municipal utility systems’ experience, including special expertise in complex alternatives analyses; utility rate analyses; utility valuations and acquisitions; regionalization and consolidation studies; debt issuance support, such as the preparation of financial feasibility analyses associated with revenue bond issuance; capital financing analyses; strategic planning; rate and regulatory assistance; and instituting financial mechanisms to provide the sufficient recovery of operating and capital costs.

Rate and Cost of Service Studies

Mr. McGarvey has extensive experience with utility rates and cost of service studies for water, wastewater, solid waste, electric and natural gas systems. This experience generally relates to performing budget analyses, customer and usage analyses, development of revenue requirements, cost of service allocations and sensitivity analyses related to the implementation of rate structures designed to promote desired usage characteristics.

Revenue Bonds, Feasibility Analyses and Capital Funding

Mr. McGarvey has been involved in the preparation of capital financing plans and feasibility studies associated with the issuance of several hundred million dollars in municipal revenue bonds and bond anticipation notes (BANs). The funding proceeds have been utilized for such purposes as utility acquisitions, expansion of facilities and various other capital improvement needs. In addition, Mr. McGarvey has developed capital funding strategies utilizing various combinations of bonds, bank loans, government assistance loans (i.e. State Revolving Funds) and grants. In the role of financial feasibility consultant, Mr. McGarvey has made numerous presentations on behalf of clients to various bond insurers and rating agencies (Moody’s, Standard & Poor’s, and Fitch).

Business and Strategic Planning

Mr. McGarvey has experience developing complex financial and economic evaluation models for water, wastewater, solid waste, electric and natural gas systems throughout the country. Such experience generally relates to the development of business and strategic plans as well as performing structured alternatives analyses and sensitivity analyses related to the evaluation and implementation of system modifications such as service and operational changes, as well as planning for customer growth and capital expenditures.

Acquisitions and Valuation Analyses

Mr. McGarvey has been involved in numerous acquisitions and valuation analyses for utility systems. Acquisition projects generally involve financial due diligence, valuations, negotiations and financing activities associated with such transactions. Mr. McGarvey has performed valuation analyses utilizing various generally accepted methodologies including cost approach (value of the cash flows generated by the system), original cost less depreciation (book value), comparable sales (actual transactions for other systems), replacement cost new less depreciation and reproduction cost new less depreciation (value of system assets).

Relevant Project Experience

City of Flagstaff, AZ – Water, Wastewater and Reclaimed Water Rate Study: Mr. McGarvey served as the technical advisor of the City of Flagstaff’s utility rate analysis. In the wake of six water main breaks, the City was faced with decreasing revenues and increasing capital and operational costs. The proposed rates developed by Willdan reversed the City’s trajectory of a falling operating reserve and provide the City with sufficient revenue to cover existing and future operations, maintenance, and debt service; all while being financially prudent and responsive to the concerns of the City’s Water Commission. The proposed residential inclining block rate appropriately spreads the burden of increased costs based on a comprehensive analysis of customer demands.

Education
Bachelor of Science, Finance, University of Central Florida

Areas of Expertise
Alternatives Analysis
Strategic Planning
Rate Studies
Cost of Service Studies
Revenue Bonds
Feasibility Analyses
Capital Funding
Acquisitions
Valuation Analyses
Affiliations
American Water Works Association

The Water Environment Federation
The Utility Management Conference
The WateReuse Foundation
27 Years’ Experience
City of Lee’s Summit, MO – Water Utilities Department Strategic Plan: Mr. McGarvey assisted the City of Lee’s Summit’s Water Utilities Department (WUD) with the development of a comprehensive strategic plan, identifying needs and recommending changes based on customer expectations and the desire of WUD staff to be an effectively managed utility. The foundation of the approach is the ten attributes described in “Effective Utility Management – A Primer for Water and Wastewater Utilities.” This tool was developed by the U.S. Environmental Protection Agency (EPA) and six national water and wastewater associations to measure, assess, and prioritize strategic plans around ten attributes.

City of Durango, CO – Water and Wastewater Rate Study: Mr. McGarvey led the preparation of a long-term financial plan, cost of service-based rates and updated plant investment fees. The City needed to perform $50 million in improvements to the wastewater treatment plant to comply with State wastewater treatment standards and to provide available capacity for new growth. A balanced financial plan was developed incorporating rate increases and anticipated debt to fully fund requirements and minimize customer impact.

City of Brentwood, TN – Water and Sewer Rate Study and Fee Update: Mr. McGarvey served as principal-in-charge for this engagement, which included a comprehensive review of water and sewer rates as well as updating the City’s water and sewer development charges (tap-on fees). One of the project objectives was to maintain their high bond rating, as such, the initial phase of this engagement involved assisting the City develop best management practices with regard to the financial management of the utility, including fund reserves, debt service coverage targets, and the frequency of future bond issues. This engagement was completed using Willdan’s facilitated interactive financial modeling approach.

Phelan Piñon Hills Community Services District (CSD), CA – Water Rate and Fee Study: Mr. McGarvey served in the role of technical advisor for this comprehensive revenue requirement analysis and financial plan, which provided targeted rate and fee structure recommendations. A comprehensive proforma financial analysis was prepared focusing on primary rate and financial objectives. The analysis resulted in rate structures that provided adequate revenue to fund operations; and created a secure and reliable funding source for future capital improvements.

City of Lancaster, CA – Community Choice Aggregation (CCA) Feasibility Study: As part of the Willdan/Energex team, Mr. McGarvey was responsible for the development of the financial model and pro forma analysis for the City’s Feasibility Study. The overall study was a joint effort between Willdan and EnerNex to complete a comprehensive feasibility analysis and implementation plan for the City’s proposed CCA.

Mr. McGarvey’s work included the development of a comprehensive financial model that was able to dynamically examine operating and capital costs, including staffing and debt, costs of procuring energy under multiple scenarios, provide cash flow analysis, and perform sensitivity and alternatives analysis. The City retained a working copy of the model, which is still used to update forecasts and perform analysis necessary in the ongoing operation of the CCA, which was successfully implemented.
Kevin Burnett, MA
Lead Project Consultant – Water & Wastewater Study Rate Study

Mr. Burnett is a Senior Project Manager with 19 years of utility analysis experience, possessing extensive experience with utility rate and cost of service studies for retail and wholesale use. His project experience includes water, wastewater, reuse, and stormwater rate studies using state-of-the-art utility financial planning tools. He has developed both short and long-term financial plans for utilities of all sizes – including regional water authorities and regional wastewater providers with individual wholesale service contracts.

Select Relevant Experience

City of Sebastopol, CA – Water and Wastewater Fee Study: Mr. Burnett served as the lead project consultant for Sebastopol’s water and wastewater utility rate study. The objective of the study was to update water and wastewater rates to address capital needs for both utilities, and ensure rates provided adequate funding for ongoing operations and maintenance. Mr. Burnett led the development of the financial model and scenarios for the City, and presented the report and results to the Council.

City of Calexico, CA – Water and Sewer Rate and Capacity Fees Study: As lead project consultant, Mr. Burnett conducted a water and sewer rate study for the City of Calexico. Their previous rate study was dated, and the City wished to complete a new study to meet future revenue requirements and planned substantial capital improvement projects, and to make sure new rates followed Prop 218 cost of service requirements. The City also requested the establishment of capacity fee charges. Mr. Burnett created the financial and rate model, completed the technical analysis and worked through financial scenarios and options with City Staff. He was also responsible for the preparation of the report and other study documents.

City of Tulare, CA – Water and Wastewater Rate Study: As project manager Mr. Burnett led the model and rate development, in addition to facilitating presentations to both the City Council and Public Utilities Board in preparation of the City’s water and wastewater utility rates. He generated updated rate structures for the City, which met the requirements of Proposition 218.

City of Avenal, CA – Water and Sewer Rate Study: Served as project manager for the City’s rate study. The objectives of this analysis are to develop a tiered rate structure for customers that: 1) generate sufficient revenues to meet operating and capital expenses associated with water in response to the rising cost of purchased water; 2) technically defensible and equitable across the customer classes (meeting Proposition 218 requirements); and 3) developed within spreadsheet models that are user-friendly and can be easily updated by City staff in the future.

City of Fillmore, CA – Water and Sewer Rate Study: The City’s rates were outdated and not generating sufficient revenue needed to operate, maintain and enhance the system. As project manager, Mr. Burnett led the Willdan team and worked closely with the City, to redesign the rate structure. The Willdan team was responsible for the model and rate development, and generation of multiple alternative rate structures.

City of Claremont, CA – Sewer Rate Study: As project manager for the City’s sewer rate study Mr. Burnett lead the model and rate development and facilitated stakeholder presentations. He generated multiple alternative rate structures for the City in preparation of updating their sewer utility rates and presented them to staff for their consideration. Ultimately, numerous scenarios and alternatives were explored before deciding on the selected approach.

Town of Apple Valley, CA – Wastewater Rate Study: Mr. Burnett was the technical project lead for the comprehensive wastewater rate study for the Town. The study encompassed the preparation of a financial plan and rate model, and a thorough review and update of the Town’s rate structure. The Town uses an EDU based wastewater rate structure, which Willdan evaluated and adjusted where necessary. Mr. Burnett created the financial and rate model and completed the technical analysis and preparation of the report and other study documents. He worked extensively with the Town’s legal counsel on the report to ensure that it provided the necessary level of detail to support defensibility. The analytical portion of the project is complete and pending the completion of the Proposition 218 approval process.
City of Dinuba, CA – Water, Sewer and Solid Waste Rate Study: The City had undergone a period of declining net revenues and an inability to fully fund capital repair and replacement needs. In the role of lead analyst, Mr. Burnett worked with City staff to update the rate structures to ensure class cost of service-based water rates that promote conservation and adhere to Proposition 218 requirements. Multiple water and sewer financial plans were developed and presented to the Council for consideration.

City and County of Denver, CO – Sanitary Sewer and Storm Drainage Rate, Connection Fee and Bond Feasibility Study: Mr. Burnett served as project manager and lead analyst for a six-year financial analysis of the City’s Wastewater Enterprise Fund. The study included projection of rate increases to maintain the financial viability of the Enterprise Fund. Mr. Burnett worked closely with City staff and the City’s financial advisor to conduct a bond feasibility analysis in support of a $50 million revenue bond debt issuance to refund a prior debt issue and provide new money for future capital needs. The City’s sanitary sewer connection fees were reviewed and updated to reflect the City’s cost of providing new infrastructure to provide service to new connectors.

The City and County of Denver recently engaged Willdan to conduct a new study to review the operations of the sanitary sewer and storm drainage utilities and complete a benchmarking analysis to other front range and national entities in terms of rate structures and billings. The purpose of the study was to identify refinements or improvements to the City’s current approach to billing. A second study to develop feasibility of the City’s potential first time storm drainage impact fees was undertaken in conjunction with the benchmarking study.

City of Durango, CO – Rate Study for Water and Wastewater Services: Served as project manager to provide long-term financial plan, cost of service-based rates and an update to the City’s plant investment fees (tap fees). The City was required to complete an estimated $50 million in improvements to the lone wastewater treatment plant in order to comply with CDPHE requirements. In addition to developing a balanced financial plan, incorporating rate increases and anticipated debt to fully fund requirements, rates were designed to provide equity amongst customer classes and minimize customer impact. Water rates developed for the City sought to meet cost of service as well as strike a balance between encouraging conservation while maintaining adequate revenue stability. Sewer rates were developed to meet class cost of service and provide revenue stability for the utility.
Mike Medve

Lead Project Consultant – Stormwater Fee Analysis

Mr. Mike Medve is a Senior Project Manager within Willdan’s Financial Consulting Services group. He brings 15 years of consulting experience with expertise in public finance, including special district formation and administration, fiscal impact analysis, public facilities financing plans, integrated financing districts, Proposition 218, tax credit financing, state and federal grant and loan programs, sales tax revenue bonds, and infrastructure financing districts. He has served as special tax consultant for over 50 Community Facilities District (CFD) formations, annexations and restructurings.

Mr. Medve has been a financing team member for over $150 million in limited obligation bonds and over $50 million in grant funds. He has served as the lead public finance consultant for over 30 clients, both public and private, throughout the country. His broad experience in nearly all aspects of public finance allows him to approach complex projects with confidence and ensure that the client has the information necessary to make informed decisions.

Project Experience

City of Laguna Beach, CA – Utility Undergrounding District Formation: Mr. Medve has assisted the City with four undergrounding assessment district formations since 2014. Duties include plan review, site inspection, benefit allocation, producing Engineer’s Reports, notices, ballots and other legal documents, and attending Public Hearings/Council meetings. Mr. Medve has innovated new techniques for benefit allocation that are more consistent with the requirements of Proposition 218 as interpreted by the California courts.

City of Newport Beach, CA – Utility Undergrounding District Formation: In 2016, Mr. Medve assisted the City with an undergrounding assessment district ballot proceeding and the coordination of several other undergrounding districts in various stages of development. Duties involved the development of assessment methodologies and the Engineer’s Report, plan review, coordination with utility companies, and the tabulation/counting of ballots.

City of Roseville, CA – Special Tax Consulting: In 2014, Mr. Medve prepared an Amended Notice of Special Tax Lien for the City’s Fiddyment Ranch CFD No. 1 (Facilities) and Fiddyment Ranch CFD No. 2 (Services). The amendment was necessary to reconcile changes in project land use with the special tax revenues that were needed to pay debt service and administration on outstanding infrastructure bonds and fund the annual operations and maintenance of existing facilities. In 2015, Willdan was retained to serve as Special Tax Consultant for the formation of an overlay CFD (Fiddyment Ranch CFD No. 5) that will refund a portion of the CFD No. 1 bonds and pay for additional infrastructure projects associated with the development. Facilities needed included streets, bridges, sewer improvements, storm drains, water infrastructure and landscaping. Willdan has also performed the annual administration for the City’s CFDs for over a decade.

City of Yucaipa, CA – Tax Increment/Special Tax Consulting: Provided consulting services for the formation of one of the State’s first Enhanced Infrastructure Financing Districts (EIFD). The EIFD is a new type of financing mechanism with the ability to combine CFD special taxes and tax increment financing to assist in funding public facilities and infrastructure with a broad public benefit.

City of Irvine, CA – Great Park Financing Plan: Mr. Medve assisted the City’s Orange County Great Park (OCGP) subsidiary with the formation of a CFD and Redevelopment Area for the Great Park project. After the elimination of redevelopment agencies, he assisted OCGP with changing the tax structure to accommodate land use modifications and CFD change proceedings to assure adequate funding.
Jim McGuire

Technical Advisor – Stormwater Fee Analysis

Principal Consultant Jim McGuire specializes in parcel and property-related revenue audits; district administration; and annexations/formations of various special districts, such as 1972 Act Landscaping and Lighting Districts, Fire Suppression Assessments, Community Facilities Districts, and Benefit Assessment Districts for streets and storm drain facilities, as well as Property and Business Improvement Districts. Mr. McGuire possesses over two decades of experience working with the public and local governments on special districts. His experience includes study sessions for staff and City Councils, along with facilitation and/or technical support for advisory committees and property owner workshops.

Project Experience

Los Angeles County Flood Control District, CA – Clean Water Fee: Willdan assisted Los Angeles County Flood Control District with the establishment of the countywide Clean Water Fee. When the fee was implemented in fiscal year 2013/2014, the Flood Control District was comprised of approximately 3,000 square miles, 85 cities and approximately 2.2 million parcels. The drainage infrastructure included over 20,000 miles of public roadways, 500 miles of open channel, 2,800 miles of underground storm drain, and an estimated 120,000 catch basins within incorporated and unincorporated areas of the 9 identified watershed areas within the County.

City of Burlingame, CA – Storm Drain Fee Initiative: Mr. McGuire served in the role of Proposition 218 Task Manager for the City of Burlingame’s initiative. To maintain existing service levels for storm drain operations funded by an increasingly constrained General Fund, the City decided to pursue an alternate financing resource under the mandates of Proposition 218. Mr. McGuire coordinated the public opinion polling and community outreach, with the assistance of an outside consultant, and managed the Proposition 218 noticing/balloting procedures. The measure was successfully approved by the Burlingame property owners.

City of Moreno Valley, CA – Needs Assessment of the Moreno Valley Community Services District: The Moreno Valley Community Services District (CSD) was formed in 1984 to continue the provision of services that were previously provided by the County of Riverside through County Service Areas. Over the past 30 years, additional Zones of Benefit were added to the CSD to provide funding for parks and community services, street lighting, landscape maintenance, and median landscape maintenance. The CSD was experiencing revenue shortfalls in most of its Zones, which required either General Fund support or a reduction in services. Mr. McGuire assisted the City by performing an initial macro review and evaluation of the CSD and related charges. A comprehensive document was provided to the City outlining the findings of the analysis by Zone, as well as recommendations for their consideration and implementation of various approaches to resolve the issues. Some but not all of these modifications have been implemented including the replacement of a few CSD Zones with a new 1972 Act Landscaping and Lighting District and annexations and expansion of the City’s Community Facilities District.

Cities of Yorba Linda, Moreno Valley, La Quinta, Palm Desert, Poway, Thousand Oaks, Tracy and Lemoore, McKinleyville Community Services District, Hollywood Entertainment District, Orange County Vector Control District and Sacramento Metropolitan Fire District: Conducted benefit analysis studies or restructuring plans and assisted these agencies with implementation strategies related to the identification of special versus general benefit necessary for Proposition 218 compliance and/or the re-engineering of special districts.
Michael Cronan
Financial Analyst

Mr. Cronan is an Analyst with three years of experience within Willdan’s Financial Consulting Services group. His primary function is to support project managers and senior analysts with utility rate studies. He specializes in analysis for a variety of clients, including cities, water districts, and public utilities.

Outlined below is relevant project experience for Mr. Cronan.

Select Relevant Experience

City of Richmond, CA — Sewer Rate Study: Mr. Cronan served as the project analyst and provided support for the City’s sewer rate study. He gathered and verified data for the project manager and lead project consultant and played a significant role in the development of the customer database and financial model.

McKinleyville Community Services District, CA — Water and Sewer Utility Rate Study: Willdan was retained to update the models, develop the CSD’s water and sewer rates and assist with the required Proposition 218 noticing process. Mr. Cronan provided analytical support to the project’s senior team.

City of Claremont, CA — Sewer Rate Study: Mr. Cronan provided analytical support for the City’s sewer rate study. He gathered and verified data for the project manager and principal consultant.

Twentynine Palms, CA — Sewer Treatment Facility Fair Share and Sewer Rate Analysis: Mr. Cronan provided analytical support in the development of the model to support to the project’s senior team on the City of Twentynine Palms’ sewer treatment facility fair share analysis. This study also included a sewer rate study, specific to the new treatment plant and its customers.

City of Pinoles, CA — Sewer Utility Rate Study: The City retained Willdan to prepare a sewer rate analysis that included a new sewer rate schedule that meets current and near-term projected system revenue requirements. Mr. Cronan provided analytical support for this engagement, gathering and verifying necessary data, and assisting in the development of the model and the completion of the report.

City of Denver, CO — Sanitary Sewer and Storm Drainage Benchmarking and Storm Drainage Impact Fee Study: Mr. Cronan served as the lead analyst on a benchmarking study to review and compare the City’s current rate structures to those of other front range and national utilities. The intent of the study was to identify potential areas for refinement to the City’s current rate structures. Mr. Cronan also served as the lead analyst for developing and implementing first time storm drainage impact fees for the City.

City of Fruita, CO — Sewer Rate Study: Mr. Cronan provided analytical support to the project manager and principal consultant for the City’s comprehensive sewer rate study. The study sought to determine the costs of operating the utility for a five-year period while equitably recovering costs from each customer class. An evaluation of changing the current flat rate approach for residential customers to a volume based average winter consumption approach was also evaluated.

City of College Station, TX — Electric Rate Study: Mr. Cronan was the analyst for the City’s electric retail rate and cost-of-service study.

GRU/Gainesville, FL — Combined Utility Rate Project: Mr. Cronan assisted senior project staff on Willdan’s recent combined utility rate project conducted for Gainesville Regional Utilities, in Gainesville, Florida and included a comprehensive revenue requirement, cost of service analysis, and rate design for their electric, water, wastewater, and natural gas utility systems.

City of Oviedo, FL — Utility System and General Financial Services: Mr. Cronan provides analytical support to the project team members serving the City’s on-call engagements for Utility System and Financial Services.

City of Gastonia, NC — Utility Rate Study: Mr. Cronan is serving as the financial analyst for the City’s water & wastewater rate study, revenue bond financial feasibility, and system development fee study.
5. References

Provided below are recent project descriptions, including client contact information, that are similar in nature to those requested by the City.

<table>
<thead>
<tr>
<th>City of Sebastopol, CA Water and Wastewater Fee Study</th>
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<tbody>
<tr>
<td>Willdan was selected in 2019 to assist the City of Sebastopol with a water and wastewater rate study, and preparation of a financial plan. The overall objective of the study was to update water and wastewater rates to address capital needs for both utilities, and ensure rates provided adequate funding for ongoing operations and maintenance.</td>
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<tr>
<td>For this project, Willdan gathered and validated extensive data for the project, including budget and customer usage data, simplified the water and wastewater rate structures, prepared a comprehensive financial model, and presented alternatives and scenarios to City Staff.</td>
</tr>
<tr>
<td>We presented the results and recommendations to City Council, addressing questions and concerns from the public and from Council, and assisted Staff after the conclusion of the project to understand how to use the model on their own going forward. The study is now complete and Council has adopted the study’s recommendations.</td>
</tr>
<tr>
<td><strong>Client Contact:</strong> Ms. Ana Kwong, Administrative Services Director</td>
</tr>
<tr>
<td>7120 Bodega Avenue, Sebastopol, CA 95472</td>
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<tr>
<td>Tel #: (707) 824-4879</td>
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<thead>
<tr>
<th>McKinleyville Community Services District, CA Water &amp; Sewer Rate and Capacity Fee Study</th>
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<tr>
<td>MCSD’s connection fees had not been updated for a number of years and were relatively low in comparison to similar agencies. In addition, there were several new local development projects in the planning stages requiring MCSD to provide utility services; placing even greater demand upon existing facilities and possibly requiring expansion of existing facilities, or construction of new ones. Willdan worked with staff to compile a list of proposed capital improvements and their estimated cost and conducted an analysis of existing and proposed development within the district boundaries.</td>
</tr>
<tr>
<td>Finally, the team analyzed existing demand on the current utility systems and calculated remaining capacity in order to develop fair and equitable capacity fees. In addition to the capacity fee study, Willdan assisted MCSD in developing cost-based sewer rates in order to maintain requirements with state revolving fund loans.</td>
</tr>
<tr>
<td><strong>Client Contact:</strong> Mr. Greg Orsini, General Manager</td>
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<tr>
<td>1656 Sutter Road, McKinleyville, CA 95519</td>
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<tr>
<td>Tel #: (707) 839-3251</td>
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<tr>
<th>City of Dinuba, CA Water and Wastewater Rate Study</th>
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<tr>
<td>Willdan was contracted to provide a comprehensive water and wastewater utility rate study for the City of Dinuba. The project team worked with the public utilities department to develop a five-year financial plan that met operations and maintenance costs, maintained industry standard acceptable reserves, met debt service coverage requirements, and worked to achieve an industry standard repair and replacement funding mechanism for the City’s aging infrastructure.</td>
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<tr>
<td>The study also involved a revision to the City’s existing water rate structures to encourage conservation and reflect class cost of service to ensure that rates were compliant with the State of California’s Proposition 218 requirements.</td>
</tr>
<tr>
<td><strong>Client Contact:</strong> Mr. George Avila, Business Manager</td>
</tr>
<tr>
<td>1088 E. Kamm Avenue, Dinuba, CA 93618</td>
</tr>
<tr>
<td>Tel #: (559) 591-5924</td>
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</tbody>
</table>
City of Grover Beach, California  
Financial Analysis & Rate Study

City of Calexico, CA  
Water and Sewer Rate Study

Willdan worked with the City of Calexico on their Water and Sewer Rate Study. The City’s previous study was dated, and the City wished to complete a new study to meet future revenue requirements and planned substantial capital improvement projects, and to make sure new rates followed Prop 218 cost of service requirements.

With updated metering technology in place, the City wished to explore water rate options (tiered rates) that included provision for conservation and encouraging reduced water consumption, as well as potential a potential drought surcharge and expanded rate options for commercial, manufacturing and industrial customers, evaluation of future revenues and expenses to ensure they are appropriate, as well as establish Capacity Fee Charges.

We worked with City staff, to create a comprehensive financial plan and model, develop and evaluate financing and policy alternatives, and to demonstrate the effects of these alternatives on projected financial operating results. Further, rates were developed to comply with Proposition 218, and to address the more stringent requirements resulting from the San Juan Capistrano court ruling.

Client Contact:  
Mr. David Dale, PE, City Manager  
608 Heber Avenue, Calexico, CA 92251  
Tel #: 760-768-2110 | Email: ddale@calexico.ca.gov

City of Tulare, CA  
Water and Wastewater Rate Study

Willdan has worked on several projects with the City of Tulare, and recently completed a water and wastewater financial and rate study. We had assisted with previous rate studies and Proposition 218 compliance prior to this recent effort. Like many cities in 2015 and 2016, Tulare needed to address their rates and financial plan in light of the ongoing drought, and ensure rates were developed in compliance with Proposition 218, particularly in light of the San Juan Capistrano court decision.

The study’s objectives were to provide a stable revenue stream promoting the responsible and efficient use of water resources. A comprehensive financial and rate model was developed for both the water and wastewater utilities, that allowed us to demonstrate the impacts of different alternatives such as levels of reserve funding and cash vs. debt funding of capital projects. The plan was developed to demonstrate the utilities’ ability to fund operations and maintenance, repayment of debt, routine replacement of aging system components, capital projects, and to maintain adequate debt service coverage. Willdan also prepared and mailed the Proposition 218 notices, outreach materials, and attended staff and Council meetings.

Client Contact:  
Ms. Trisha Whitfield, Field Services Manager  
411 East Kern Avenue, Tulare, CA 93274  
Tel #: (559) 684-4319 | Email: twhitfield@tulare.ca.gov

City of Richmond, CA  
Wastewater Rate Study

Willdan was engaged by the City of Richmond to prepare a comprehensive financial plan and wastewater rate update for its wastewater utility. The objective of this engagement was to study the financial condition of the utility, evaluate revenue and funding scenarios, in order to provide information to City Management. The key objective was to develop a financial plan and recommended rates which will allow the City to address significant capital needs brought on by legal action and compliance orders, related to the discharge of effluent into San Francisco Bay.

Willdan developed a detailed financial model, presented results at two public City Council meetings, and provided recommendations for updated rates. Our effort included development of a comprehensive financial model and report, and preparation of rate scenarios, including revised scenarios to address the impacts of the COVID pandemic. The results were finalized and presented to City Staff, the City Council and at a Public Hearing, with notices mailed to approximately 32,000 customers.

Client Contact:  
Ms. Mary Phelps, Water Resource Recovery Department/Public Works  
450 Civic Center Plaza, Richmond, CA 94804  
Tel #: (510) 621-1269 | Email: Mary_Phelps@ci.richmond.ca.us
**County of San Diego, CA**  
**Stormwater Cost of Service Rate Study**

The County retained Willdan to provide guidance and to help develop strategies for funding the maintenance and monitoring of post-construction structural Best Management Practices (BMPs) as part of compliance with their stormwater discharge permit. This effort included meetings and discussions, as well as development of scenarios that will lead to the formation of one or more Community Facilities Districts (CFDs) to support this effort countywide.

As part of the evaluation and feasibility process, Willdan conducted presentations, and prepared and submitted a white paper that identified and evaluated funding mechanisms specific to stormwater facilities. In order to craft this documentation, Willdan researched public policies, objectives and requirements for the funding of stormwater BMPs and facilities in conjunction with the development of private property. The funding options evaluated included assessments, special taxes, Mello-Roos CFDs and property related fees compliant with Proposition 218. The final deliverable outlined options available to fund BMPs and explored the structure and implementation processes of each, focusing in the end on CFDs as the most practical and appropriate alternative.

**Client Contact:**
Ms. Sheri McPherson, Department of Public Works Project Manager  
5500 Overland Ave #310, San Diego, CA 92123  
Tel #: (858) 495-5257 | Email: sheri.mcpherson@sdcounty.ca.gov

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**City and County of Denver, CO**  
**Sanitary Sewer and Storm Drainage Rate, Connection Fee and Bond Feasibility Study**

Mr. Burnett served as project manager and lead analyst for a six-year financial analysis of the City’s Wastewater Enterprise Fund. The study included projection of rate increases to maintain the financial viability of the Enterprise Fund. Mr. Burnett worked closely with City staff and the City’s financial advisor to conduct a bond feasibility analysis in support of a $50 million revenue bond debt issuance to refund a prior debt issue and provide new money for future capital needs. The City’s sanitary sewer connection fees were reviewed and updated to reflect the City’s cost of providing new infrastructure to provide service to new connectors.

Recently Willdan completed a benchmarking and storm drainage impact fee study for the City. The benchmarking study entailed a comparison of the City’s approach to billing for sanitary sewer and storm drainage to other Front Range entities as well as to other large national entities. The storm drainage impact fee study identified first time potential storm drainage impact fees the City could implement to help offset the cost of capital needs attributable to new development.

**Client Contact:**
Mr. Peter Spanberger, Director of Accounting  
Department of Transportation and Infrastructure  
201 W. Colfax Ave, Dept 608, Denver, CO 80202  
Tel #: (303) 446-3447 | Email: peter.spanberger@denvergov.org

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**City of Pinole, CA**  
**Sewer Rate Study**

Willdan was engaged by the City of Pinole to conduct their previous two sewer rate studies. Willdan performed the study consistent with methodologies defined by the American Water Works Association (AWWA) and the Water Environment Federation (WEF). The findings and conclusions of the rate analysis, as well as the resulting revised rate recommendations, were utilized to develop a forecast of rates and proposed rate structures for the applicable planning period, to incorporate future capital funding requirements and demonstrate the financial capability of the revenues to support system operations.

The project engagement included the development of a comprehensive financial model, meetings with City staff and Council and concluded with a report summarizing the financial evaluation and study results.

**Client Contact:**
Ms. Tamara Miller, PE, Development Services Director/City Engineer  
2131 Pear Street, Pinole, CA 94564  
Tel #: (510) 724-9010 | Email: pubwks@ci.pinole.ca.us
6. Qualifications and Experience

Firm Profile

Willdan Financial Services is an operating division within Willdan Group, Inc. (WGI), which was founded in 1964 as an engineering firm working with local governments. Today, WGI is a publicly-traded company (WLDN). WGI, through its subsidiaries, provides professional technical and consulting services that ensure the quality, value and security of our nation’s infrastructure, systems, facilities, and environment. The firm has pursued two primary service objectives since its inception — ensuring the success of its clients and enhancing its surrounding communities.

In doing so, Willdan has gained a notable reputation for technical excellence, cost-effectiveness, and client responsiveness in providing superior consulting services. The company’s service offerings span a broad set of complementary disciplines that include engineering and planning, energy efficiency and sustainability, and financial and economic consulting. Willdan has crafted this set of integrated services so that, in the face of an evolving environment—whether economic, natural, or built — Willdan can continue to extend the reach and resources of its clients.

Currently, WGI has over 1,300 employees operating from offices in Arkansas, Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Illinois, Kansas, Kentucky, Maryland, Nevada, New Jersey, New York, Ohio, Oregon, Utah, Texas, and Washington.

Willdan Financial Services

Established on June 24, 1988, Willdan Financial Services, a California Corporation, is a national firm, and is one of the largest public sector financial consulting firms in the United States. Since that time, we have helped over 1,200 public agencies successfully address a broad range of financial challenges, such as financing the costs of growth and generating revenues to fund desired services. Willdan assists local public agencies by providing the following services:

- Utility rate and cost of service studies;
- User fee studies;
- Cost allocation studies;
- Municipal Advisor Services
- Real estate economic analysis;
- Tax increment finance district formation and amendment;
- Financial consulting;
- Development impact fee establishment and analysis;
- Economic development plans and strategies;
- Feasibility studies;
- Housing development and implementation strategies;
- Debt issuance support;
- Long-term financial plans and cash flow modeling; and
- Property tax audits.

Our staff of nearly 80 full-time employees supports our clients by conducting year-round workshops and on-site training to assist them in keeping current with the latest developments in our areas of expertise.

The organization chart located to the right represents Willdan’s reporting structure, including the operating groups and the responsible manager; it as well defines the assets available to the City of Grover Beach.
Utility Rate Experience

Willdan’s professional staff has provided professional consulting services, including financial planning; rate and cost-of-service studies; alternative and feasibility analyses; and operational and management studies for water, reclaimed water, wastewater, solid waste, and stormwater utility clients across the United States for over two decades. Additionally, Willdan staff are involved with the development of the rate-setting methodologies set forth in the American Water Works Association (AWWA) M-1 manual “Principles of Water Rates, Fees and Charges,” and the AWWA M-29 manual, “Water Utility Capital Financing.” Willdan is nationally recognized for its expertise with staff frequently being called upon to speak or instruct on utility financial matters, as subject matter experts, including the AWWA Utility Management conference.

Willdan staff is experienced in a broad range of utility planning services; and therefore, understand the importance of an approach that integrates elements of utility planning, engineering, and finance. Willdan Team members possess considerable experience in utility rate and cost-of-service studies and have performed these services for hundreds of utilities throughout the country. Our team includes staff with public sector experience spanning 30 years, and staff on the forefront of utility rate-making and rate-modeling. In addition, team members have held positions as finance directors, deputy city managers, and auditors, and therefore understand the financial, operational, and political realities faced by governmental staff and management; we craft solutions, which are sensitive to this.

Our expertise spans across the following utility financial planning services:

- Retail and Wholesale Rate Studies;
- Revenue Sufficiency Analyses;
- Utility Management and Policy Assistance;
- Interactive Rate Model Development with Dashboards Showing Key Performance Indicators;
- Connection Fee / System Development Charge Studies;
- Miscellaneous Fee and Charge Studies;
- Renewal and Replacement Sufficiency Analyses;
- Comprehensive Alternatives Analyses;
- Capital Project Funding Studies;
- CIP Financial Scenario Planning;
- Rate Ordinance Drafting;
- Billing System Validation/Rate Testing;
- Bond Feasibility Reports;
- Valuation/Divestiture Studies; and
- Life Cycle Costs Analyses

Willdan will work with the City to identify, and prioritize operational and fiscal objectives, and match these to specific rate attributes; and use this information throughout the engagement to develop a comprehensive financial plan and design utility rates that effectively meet these goals. The culmination of our analyses will be rate policies that guide the rate setting process, and a financial management plan that develops projected system operating results for the utility for the forecasted period. Willdan will employ its proven interactive approach, coupled with advanced financial modeling techniques to design rates and a financial plan that meet established goals and performance criteria. These modeling techniques serve as a powerful decision-making tool and provide the City with genuine business solutions and recommendations as to the strategic direction of its utilities.

During rate and financial planning projects we employ tools and techniques, which focus on consensus building among stakeholders to ensure the team understands the future financial implications of current management decisions. Our extensive project expertise is bolstered by our unique interactive financial planning process and model.
Experience Map

A graphical representation of Willdan’s geographical client presence is depicted below of recent utility rate and financial projects completed within the last few years.
**Similar Project Experience**

The table below outlines projects that are similar in nature to those being requested, that are ongoing or have been completed in the last five years, specifically from the Temecula office.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Project</th>
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<tbody>
<tr>
<td>City of Albany, CA</td>
<td>Sewer Rate Study</td>
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<tr>
<td>City of Avenal, CA</td>
<td>Water and Sewer Rate Study</td>
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<tr>
<td>City of Banning, CA</td>
<td>Water, Wastewater and Reclaimed Water Rate Study</td>
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<td>City of Blythe, CA</td>
<td>Water and Sewer Rate Study</td>
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<td>City of Calexico, CA</td>
<td>Water and Sewer Rate Study</td>
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<td>City of Claremont, CA</td>
<td>Sewer Rate Study</td>
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<tr>
<td>City of Coachella, CA</td>
<td>Proposition 218 Sewer Mailing</td>
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<tr>
<td>City of Covina, CA</td>
<td>Water and Sewer Rate Study Study Update</td>
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<td>City of Crescent City, CA</td>
<td>Water and Sewer Rate Study</td>
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<td>Water, Sanitary Sewer, Solid Waste and Street Cleaning Utility Rate Study</td>
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<td>City &amp; County of Denver, CO</td>
<td>Sanitary Sewer and Storm Drainage Benchmarking and Storm Drainage Impact Fee Study</td>
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<td>Town of Queen Creek, AZ</td>
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7. Detailed Proposal

Project Understanding

The following project approach and scope of services is based on our previous experience with the City of Grover Beach, and our understanding of the City’s current financial situation with respect to the utilities and the services requested. We are confident that our proposed work plan will effectively address the City’s objectives and if necessary, a final scope and schedule will be determined following further discussions with City staff.

The City of Grover Beach provides Water, Wastewater and Stormwater service to a population of about 13,000 and approximately 4,800 accounts, predominantly residential inside the City. Willdan conducted the previous rate study in 2015 and assisted the City with the adoption of updated rates for a five-year period, with the last approved increase going into effect in 2020.

A brief review of the most recent Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019, and the recent Proposed Budget for FY 2020/21, shows the utilities in good financial health, while facing the need to address some significant capital projects.

The water utility generated about $3.5MM in revenue in FY 2019, which exceeded expenses by about $675K. The cash balance and net position were both good. Looking forward, the Proposed Budget shows operating revenue growing slightly due to the scheduled 2020 rate increase, and expenses remaining fairly constant, and less than revenue. There is $3.4MM in proposed capital projects for FY 2020/21, associated primarily with water main replacements and the Central Coast Blue project, and approximately $3.2MM more in capital projects planned over the following four years. While it appears there is some funding available for these projects, it will be important to review this in the process of preparing the financial plan.

For wastewater, based on the CAFR, revenues also slightly exceeded expenses in FY 2019, with cash reserves appearing healthy. In the Budget, revenues and expenses are projected to remaining in balance on an operating basis. The wastewater utility has $689K in capital projects scheduled for FY 2020/21 and $3.3MM in projects over the four years after that. As with water, it will be important to incorporate a thorough and updated capital plan into the overall financial plan, and evaluate any impact this may have on projected rates.

Willdan will develop a comprehensive financial plan that takes into account updated forecasts for water sales and water, wastewater, and stormwater operating expenses and provides for:

- Sufficient and stable revenue for operations and routine maintenance;
- Adequate debt service coverage for existing or proposed debt;
- Sufficient funds to support new debt issuance as necessary;
- Accumulation and maintenance of appropriate reserves;
- Anticipated and routine repair and replacement of existing aging pipelines and infrastructure; and
- Major and minor capital projects.

This financial plan will serve as the basis for a full cost of service analysis and ultimately the development of recommendations for updated rates. The cost of service analysis will be conducted to ensure any new recommended rates will comply with the requirements of Proposition 218 and recent legal decisions.

The financial plan will be created using a highly flexible and interactive model and dashboard that will allow us to work collaboratively with the City to present and evaluate different financial scenarios, and quickly make changes in underlying assumptions based on feedback and discussions. Our goal will be to arrive at a financial plan that meets the City’s objectives, and that provides understanding and education to City staff and ultimately the Council, as they make decisions regarding proposed rates.

Willdan's work plan will culminate in the successful development of the water, wastewater, and stormwater rates, associated fees and charges, and a five-year cost-of-service based financial plan and the education of staff and key stakeholders.
Project Approach

The following project approach and scope of services is based on Willdan’s current understanding of the City of Grover Beach’s needs and objectives for the Water, Wastewater and Stormwater Rate Study, and the services outlined within the City’s Scope of Work. While this approach and scope is informed by our initial research, we will begin this project by working with the City to complete this research and understanding of the City’s current financial situation and conducting meaningful discussions to more fully understand your objectives and priorities for this study.

Our objective is to provide Staff and the City Council with the information it needs to fully understand the utilities current and projected financial condition, evaluate options for moving forward, and make informed decisions based on this process.

The intent of the study is to independently evaluate the City’s current water, wastewater, and stormwater rates and develop an updated schedule of rates that are simple, equitable, and most importantly, structured to meet the future financial needs of the utility. The proposed rate structure must adequately fund the ongoing operating, maintenance and capital improvement needs of the utilities.

For this project it will be critical to take a deeper look at the financial performance of the previous five years and project results forward, taking into account capital projects and anticipated debt, to evaluate the ability of current rates to provide sufficient revenue. We will create a comprehensive financial plan and model that allows us to work with the City to evaluate and test alternatives and demonstrate the impact of capital and reserve funding scenarios and their associated impacts on overall financial performance.

The City wishes to undertake this study to review current water, wastewater and stormwater rates from both a policy and analytical standpoint. Willdan will prepare a comprehensive five (5) year financial plan and analysis of rate alternatives; evaluate the current rate structure; and determine whether adjustments in the rates are necessary going forward. This analysis will include development of the financial plan and cost of service analysis necessary to arrive at informed recommendations and defensible Prop 218 compliant rates. We will also identify potential challenges and issues associated with implementing new rates, and work with the City to develop strategies to address these.

Project Methodology

As described herein, and detailed in our work plan, our approach to this water rate study is built around three primary objectives:

- Working collaboratively with the City to develop the comprehensive financial plan and model for the utilities;
- Using the model to develop and evaluate various rate, financial and capital funding scenarios; and
- Arriving at a final plan and set of recommended rates that have a clear and transparent rationale and basis.

We propose to conduct this process in a way in which staff and stakeholders gain understanding throughout the process of how the plan is developed, and how policy and financial decisions affect it, so that we can clearly communicate the process and results to the City Council and the community. The communication part of the process is critical in gaining acceptance and understanding of the broader community.

Our rate study analysis will include comprehensive financial management plan alternatives for the next five fiscal years to support the proposed five-year rate plan.
As part of this analysis, Willdan will develop a comprehensive financial analysis — which incorporates the following:

- Revenue requirements such as operating expenses, transfers, reserve requirements;
- Minor capital expenses;
- Cash and debt-funded major capital expenditures, with annual debt service expenses;
- Adequate funding of designated reserves including operating and debt service, and other reserves as outlined in the City's financial policies; and
- Functional cost breakdown consistent with Proposition 218 requirements and American Water Works Association (AWWA) rate-making standards.

The culmination of the revenue requirements analysis, which will include a capital project financing plan, and cost of service allocations, will be alternative rate plans which will provide sufficient revenue to meet the ongoing funding needs of the system, while recovering costs from customers in a manner which is fair, equitable and within reasonable customer impact parameters.

We will develop a robust 10-year pro forma financial model to demonstrate the results of various analyses and aid detailed policy and education discussions with City staff and City Council. It will serve as the basis for developing rate structures that provide for long-term financial stability, reflect levels of service demand for different customer classes, and comply with the requirements of Proposition 218.

During this project, we will utilize our Microsoft Excel-based model, with its interactive dashboard, as a comprehensive financial tool to allow planning and evaluation of variable inputs and assumptions, thereby creating a thorough analysis of revenue requirements to address the City’s goal of ensuring predictable and stable revenue. These analyses are then seamlessly integrated with the rate development component of the model to demonstrate and project various rate design alternatives, and the effects they would have on the City’s financial outlook.

The model is used in meetings, in order to efficiently cycle through rate scenarios and establish the most viable rate plans for the City. During these interactive meetings, we invite City staff to participate in scenario planning / “what-if” sessions, where we use the dashboard to demonstrate and evaluate the financial/rate impact of alternative data (CIP, operating costs, etc.) and assumptions (interest rates, customer growth, cost escalation, etc.) in real-time to focus on the most critical drivers of the analysis. This ensures the resulting rate plan alternatives are viable from a financial, operational, managerial and political perspective.

To the extent revenues are not projected to be sufficient to meet requirements including operating expenses, debt service payments and coverage requirements, planned capital expenditures and targeted operating reserves, the model can be used to evaluate variable outcomes and alternatives, providing basis for meaningful discussions with elected officials and stakeholders well in advance of the actual rate increase process.

Real-Time Financial Modeling

The goal of financial forecasting is to provide clear vision regarding the potential financial outcomes of current management decisions, or just as importantly, potential decisions. Willdan’s approach helps the City staff mold the existing knowledge base into a viable financial management and capital financing plan.

Any model is only as effective as the expertise of those who develop it. Our state-of-the-art financial modeling techniques allow us to incorporate our considerable experience by asking the correct questions, evaluating and incorporating appropriate data, providing interactive consulting services and evaluating multiple scenarios with the City in a real-time setting.

Because our interactive model will be populated with specific data from the City (i.e. division and account structure), each alternative reviewed in real-time during interactive meetings with the City can be done with a complete understanding of specific customer impacts. Further, our experience ensures that the data loaded into the model is vetted and validated, and that the baseline results from which forecasts are developed are fully understood from the beginning, so that more time is spent on evaluation of potential solutions, rather than questioning whether the underlying data and assumptions are correct.
Model Development as Part of the Consulting Process

The financial planning model will be designed with the following elements:

- Graphical dashboard to clearly show the results of various scenarios to the user;
- Easily reviewed and modified assumptions;
- Validated data tables generated from the City’s financial and operational information; and
- A powerful calculation engine.

The model will be “baselined” after an initial meeting with staff to ensure that we have the correct data and a basic understanding of the financial dynamics of your system. We will then conduct interactive financial planning sessions with the City staff. After validating our data, calculation approach, and baseline assumptions, we will explore alternative scenarios, varying a number of assumptions and financial planning techniques including:

- Rate increase magnitude and timing;
- Alternative timing of capital projects;
- Alternative financing options (alternative combinations of pay-as-you-go, revenue bond debt and other debt, for example);
- Alternative growth/demand forecasts and other “what if” analyses such as the impact of a loss of one or more service areas or significant customers; and
- Effect of increases in other sources of funds.

Given any combination of cost requirements (both operating and capital), non-rate sources of funds, and forecast assumptions, the Willdan team will work with the City to develop a financial plan that:

- Meets specified reserve targets;
- Addresses identified benchmarks or key performance indicators;
- Fully funds capital expenditures using specified financing techniques; and
- Meets legal, policy and contractual requirements that are financially measurable, such as debt service coverage on revenue bonds.

Subsequent to careful development and validation of the baseline forecast, a series of alternative forecasts will be prepared illustrating various results in the following general categories:

- **What if things turn out differently?** These alternatives will demonstrate the sensitivity of the forecast to the significant assumptions used. This results in a sound understanding of areas where a conservative forecast approach is warranted;

- **What happens when we try this?** This series of alternatives focuses on different financial management approaches. For example, the use of different financing techniques such as capitalized interest, interim short-term financing, and capital appreciation bonds may be explored;

- **What can we do to make it better?** This approach to forecasting identifies the factors that may be causing significant rate increases in a given year and explores alternatives. For example, if a large capital project in a single year is the culprit, we would work with staff and the consulting engineers to determine whether this project could be phased or delayed; and

- **How will any adjustments affect our customers?** In examining rate structure alternatives, we will demonstrate and discuss how users in various categories or classifications will be impacted. Our consultants will use our rate design model to explore the impact of various rate structures on bills for each customer class over the relevant consumption range.

Communication as Part of the Consulting Process

Willdan’s experienced professionals are accustomed to communicating with a variety of stakeholder groups, from management and staff, boards and commissions, as well as the community. Our analytical and modeling approach will be customized to the City’s specific needs. As mentioned, the custom graphical interfaces imbedded in our models allow our consultants to easily track key performance metrics and work through alternative scenarios with the City staff and management. Features of the Excel-based analysis model include the ability to incorporate line-item data and assumptions that are then summarized in a graphic dashboard to show key financial indicators for the utility system.
Scope of Work

The following proposed work plan is intended to capture the goals and objectives of the City. While the tasks listed may vary somewhat from those listed in the City’s Scope of Work, Willdan is confident our proposed work plan will effectively meet project objectives. A final scope and schedule will be determined following the selection of a consultant and based on further discussions with staff.

Willdan’s work plan will culminate in the successful development of utility rates for five years, a five-year financial plan, and the education of staff and key stakeholders.

Phase One – Project Initiation

Task 1.1 – Data Collection and Review

Task 1.1.1 – Data Collection. The City will be provided with an initial list of basic data needed to conduct the study. The data request may include, but will not be limited to:

- Financial and operating data (budgets, audits, financial statements, cash balances, etc.)
- System operating data for the utility;
- Customer account and billing data;
- Bond statements, debt service schedules;
- Related reports prepared by others (i.e. Master Plans);
- Ordinances, previous rate studies, City codes; and
- Capital improvement programs, fixed asset records;
- City financial, debt and reserve policies.

Task 1.1.2 – Data Review. We propose to conduct initial data collection and review prior to the Kickoff Meeting to allow for a more meaningful discussion during the meeting. This will allow for our review of data in advance of the meeting so that we can request clarifications or follow-up information as necessary. However, if the City’s preference is to conduct the kickoff prior to collecting data, we will accommodate that request. The data will be reviewed for completeness and to ensure a sufficient understanding of historical utility operations. The data collection and review process will be ongoing throughout the process as the need for additional information arises.

Task 1.2 – Kickoff Meeting and Planning Discussion

Task 1.2.2 – Project Kickoff. Following initial data collection and review, Willdan will conduct a kick-off meeting with City Staff. During this meeting we will discuss goals and objectives of the study, the schedule, constraints or challenges that may be encountered, stakeholder considerations and objectives, and political concerns. Discussions may center around the following:

- Review of previous rate study and existing rate structure and areas where existing rates have been successful and/or specific areas of focus, such as the study and implementation of tiered rates;
- Review of recent financial performance for the utility;
- Discussion of anticipated significant events (i.e. loss or gain of any major customers);
- Components to incorporate into the updated revenue requirements; such as, capital improvements, debt repayment, reserves, annual repair and replacement, ongoing maintenance, cost of imported water, etc.;
- Strategy and level of effort for outreach and education;
- Conduct a detailed review of the data used in the baseline financial forecast; and
- Review and resolve (or develop a plan for resolving) data issues and questions.

For further efficiency and collaboration, the kick-off meeting will include a financial policy discussion. This will serve to address and document the City's financial policies for the utility to be studied.

Topics of discussion may include:

- Rate design approaches and alternatives;
- Rate policy objectives;
- City financial policies;
- Reserve options and target levels (operating, debt services, rate stabilization, repair and replacement);
- Conservation objectives and tiered rate options;
- Capital Improvement Plan (CIP) financing options – i.e. PAYGO vs. Debt;
- Customer characteristics and classifications; and
- Cost of service factors; and Proposition 218.
Phase Two – Water and Wastewater Rate Study Work Plan

To the extent possible we will take advantage of available work and cost efficiencies from our work on the previous rate study for the City. We will use much of the existing model architecture and structure to start the development of the model in Task 2.1, and the existing report structure for our work in Task 2.5.

Task 2.1 – Revenue Requirements and Rate Determinants

Task 2.1 encompasses the development of the comprehensive financial plan and model, with specific factors and areas of focus identified below. We will utilize the model from the study that Willdan completed in 2017 to maximize efficiency and cost effectiveness as much as possible.

Task 2.1.1 – Historical Billing Data Analysis. The data request document will provide instructions for the development of historical customer billing information. It is anticipated that the billing information will be provided in a format necessary to summarize the water and wastewater systems accounts and billable flows by customer class for a recent historical period for which audited revenues exist. The customers and flows provide the basis on which operating revenues are derived and are therefore the primary factors utilized in reviewing the user rates and charges. As such, the historical billing data provides an important basis for analyses that will be used to develop assumptions for projecting revenues under existing and/or proposed rates.

Given the critical nature of this task, the Willdan Project Team will work closely with assigned staff members to ensure that the customer and flow data is as accurate as possible.

Task 2.1.2 – Customer and Flow Projections. The water and wastewater systems account and billable flows will be forecasted for a five-year (5) planning period. Such projections will be developed by considering historical growth trends, peak demands, climatological patterns, local economic conditions, potential for adding/losing major utility customers, changes in customer class usage patterns over time, and experienced judgment. The billable flow projections will be based on the projected number of utility accounts and a usage per account analysis to differentiate the historical effects of account growth and increased (decreased) average usage by customer class.

Task 2.1.3 – Projected Revenues Under Existing Rates. Projections of utility system revenues under existing rates for the five-year (5) planning period will be developed for water and wastewater, recognizing projected accounts, flow volumes, and usage patterns by customer class (as determined in the billing analysis under the previous tasks). Such revenue projections will assume that the existing user rates and rate structures remain constant at the existing levels.

Task 2.1.4 – Projected Revenue Requirements. Revenue requirements (i.e. system expenditures) will be developed for the utility system based on an analysis of historical, currently budgeted, and anticipated operating and capital expenditures. The revenue requirements will be projected on a fiscal year cash flow basis, taking into account expected operational changes, changes in staffing or operating expenditures for new facilities, system growth occurring from new development, anticipated extraordinary expenses, and allowances for inflation.

The projections will include, but not be limited to, the following:

- Operation and maintenance expenses;
- Outlay for annual capital additions and replacements;
- Transfers to fund major capital improvements;
- Debt service and reserve requirements on existing and anticipated debt instruments; and
- Other expenditures and transfers.

Task 2.1.5 – Projected Operating Results Based on Existing Rates. The projected revenues and revenue requirements will be summarized into a five-year cash flow statement providing the projected operating results of the water and wastewater systems under the existing rates.

The cash flow statement will be used to estimate annual adjustments in utility revenues necessary to fund operating and capital expenditure requirements, meet bond covenant requirements, and maintain prudent utility management practices. The estimated timing and magnitude of future debt issues required, if any, to finance proposed capital improvements will also be shown.
Concurrent with the development of the projected operating results, the study will review the general financial health of the utility operations and, as necessary, make recommendations for changes in fund balances, reserves, and debt service coverage ratios to maintain financial integrity and a stable bond rating. The graphic to the right demonstrates the general rate study methodology and major components of the rate process.

Task 2.2 – Cost-of-Service Allocations

Task 2.2.1 – Functional Cost Allocations. The analysis will allocate the Test Year revenue requirement (i.e. costs of providing service) to the various cost(rate components that constitute functional classifications of the types of service provided. The functional cost allocations will evaluate such aspects as fixed costs, customer related costs and volumetric/usage related costs. The evaluation of allocation factors associated with applicable costs will be based on existing rate structures applied by the City, meter size, rate structures applied by other comparable utility systems in the region, common industry practice and standard rate-making principals.

Task 2.2.2 – Determination of Revenue Adequacy. Comparisons of revenues under the existing water and wastewater rates with the allocated costs of service will be evaluated in order to determine the degree of cost recovery by the various cost components, and to identify areas that may possibly require adjustments to align the revenues from each rate component with the allocated costs.

Task 2.3 – Capital Financing Analysis

Task 2.3.1 – Review Capital Improvement Program (CIP). The City’s existing utility system five-year (5) CIP will be reviewed in conjunction with conversations with City staff. The objective of such a review is to gain an understanding of the types of projects scheduled; the timing associated with such projects, associated expenditure requirements and the sources of funding each project. The results of the financial plan will also help the City to prioritize projects identified within the CIP.

Task 2.3.2 – Develop Capital Financing Plan. Based on the findings made in the previous task and the Projected Operating Results described in Task 2.1.5, a general financing plan will be developed to provide for the anticipated capital expenditure activities, including debt issuances, relative to the CIP. Such a financing plan will include consideration for the use of restricted and unrestricted funds, surplus operating reserves, capital recovery fees, and future rate adjustments. The analysis will also develop a projection of reserve fund balances and level of liquidity.

Task 2.3.3 – Capital Funding Model. The CIP will drive the future funding options and will directly impact rates. Therefore, the rate analysis will incorporate the City’s current five-year CIP. The rate model will have the ability to run various CIP funding scenarios and quickly show the estimated impact on utility rates.

Task 2.4 – Rate Analysis and Design

Task 2.4.1 – Evaluation of Existing Rate Structure. The existing rate structure will be further evaluated for its effectiveness in equitably recovering costs of utility service from each customer class. The City’s current rate structure will be evaluated, and recommendations will be made for potential modifications to the current rates.
As part of the rate design process, Willdan will discuss with departmental staff the current trends and philosophies in utility rate-making including the characteristics and benefits of a tiered rate structure and how it might fit with the City of Grover Beach’s objectives and cost structure. We will discuss the availability of data and the feasibility of developing defensible tiered rates for Grover Beach.

Based on these discussions, the analysis will develop and recommend a rate design and philosophy that best meets the objectives of the City. The analysis model will be developed in a dynamic manner allowing the City to compare alternative “annual incremental/phasing adjustments to achieve funding goals. Basic standards for rate design accepted by the industry are:

**Full Cost Recovery** – Rate revenue should provide sufficient income so that, when combined with other sources of funds, covers all the funding requirements for the system including, all current long-term liabilities, debt obligations and future expansion-related and R&R-related capital needed to replace aging and infrastructure.

**Fairness and Equity** – based on cost responsibility as reflected in cost-of-service allocations, in accordance with industry standards.

**Technically Defensible** – apply industry proven standards and methodologies to help shield the City from potential legal challenges associated with the proposed utility rates.

**Resource Conservation** – under conditions of scarcity, the pricing of water as a commodity should promote voluntary conservation, discourage unnecessary service use and extend the availability of supply.

**Administrative Efficiency** – rates should be understandable to customers and efficiently administered by staff.

**Customer Acceptance** – customers understand the rates, view them as fair, and consider them to be reasonable compared to other costs and other utilities.

**Public Health and Welfare** – rates are structured so that essential service usage is encouraged through affordability.

**Task 2.4.2 – Rate Structure Alternatives.** The rate model will be developed in a dynamic manner such that Willdan and City staff will be able to analyze “what if” scenarios detailing the financial impacts under each scenario utilizing an iterative dashboard view. Baseline rate structures will be recommended as required to fund the utility systems, and consider annual inflationary, indexed adjustments to rates as needed to maintain each utility. As necessary, alternative rate structure scenarios, such as tiered rates will also be identified, and the financial impacts associated with fluctuations in customer growth, planned capital expenditures and/or implementation of mandated regulatory requirements will be estimated. The rate structure alternatives will include both “base and volumetric charges” and will be developed to recover the projected revenues needed to fund utility operations, recognizing equitable cost recovery by customer class, establishing reasonable recovery of costs from existing and new utility customers, and complying with applicable regulations and policies. Any alternative rate structures will be based on common industry standards and will be consistent with the City’s goals and objectives. For Water, we will develop tiered rate structure alternatives to the extent possible given the findings of the cost of service analysis completed in Task 2.2, and the ability to create a defensible structure.

**Task 2.4.3 – Projected Operating Results Based on Proposed Rates.** The proposed user rates and/or rate structures will be applied to the projected customers and flows in order to estimate the revenues to be generated from the proposed rates for the Test Year and the subsequent years of the projection period. The projected revenues will consider possible elasticity effects associated with changes in usage characteristics that may occur from revising the rate structure. In addition, similar to the process described in Task 2.1, the 5-year forecast will identify annual adjustments in utility system revenues necessary to meet bond covenant requirements, prudent management practices, and/or sound capital financing considerations.

**Task 2.4.4 – Typical Bill Comparison.** Comparisons of typical utility bills under the existing and proposed rates will be developed for each customer class under various levels of usage. The selected customer class usage levels will reflect the results of the billing analysis so as to better demonstrate rate impacts on typical customer accounts in each class.
Task 2.4.5 – Neighboring Utility Comparison. A comparison will be prepared, with no more than ten utilities, to assess the difference between the existing and proposed rates of the City with those of other comparable County of San Luis Obispo municipal utility systems.

Task 2.5 – Reports and Deliverables

Task 2.5 is the development of the rate report. We will begin with the report structure and layout from the previous study in 2017 for consistency and efficiency.

Task 2.5.1 – Preliminary Draft Report. A draft report will be developed to address the study findings and the proposed recommendations. Contents will also include assumptions relied upon for the projection of customers and usage characteristics, revenue requirements, revenues, operating results, the cost recovery profile for each class, the results of the fully allocated cost of service analyses and any proposed adjustments to the utility rates. Upon completion, an electronic PDF copy of the draft report will be provided to staff for review. The report and presentations will also include a comparison of Grover Beach current and proposed rates with five (5) other public agencies.

Task 2.5.2 – Final Report. Based on comments received from staff and other participants during the presentation of the Preliminary Draft Report, the Final Report will be revised to incorporate the agreed upon changes. Upon completion, an electronic PDF copy and ten (10) copies of the Final Rate Study Report, as well as the Dashboard Model spreadsheet will be provided to the City.

Task 2.6 – Proposition 218 Notice and Public Outreach Materials

Task 2.6.1 – Proposition 218 Notices. Based on our 20-year history with Proposition 218 compliance, we will assist with the drafting of the notices that will explain: The purpose of the rates:

- The purpose of the rates;
- The reason for the increases;
- How the rates are structured;
- The date, time, and place of the public hearing; and
- Details on what constitutes the existence of a majority protest, as it relates to the implementation of a new/increased utility rate structure.

Task 2.6.2 – Proposition 218 Notice Processing. We will develop the materials, create a parcel database of properties subject to the new proposed rates, and coordinate the printing and mailing of the materials in conjunction with a mailing house that we typically work with on these types of projects. The additional cost for these services is estimated at $0.75 per parcel and includes direct costs associated with the mailing. Our cost proposal does not include these direct costs. They will be billed directly to the City at the time of the mailing once the actual costs are known.

Task 2.7 – Meetings and Presentations

Task 2.7.1 – Project Kick-Off. As detailed in phase one, a kick-off meeting will be scheduled with City staff at the start of the project to discuss project requirements, finalize project scheduling/milestones and reporting requirements, and receive overall project direction. This meeting will provide the opportunity to review current water and wastewater rates, fees, charges, issues and deficiencies with staff.

Task 2.7.2 – Project Progress Web Conferences. During the project, and prior to meetings with the City Council, team web conferences will be scheduled to present the progression of the analysis to staff in order to obtain input and feedback associated with any rate adjustments that may be presented. These web-meetings will assist in the completion of rate design for the utility system and guide the development of the draft report.

Task 2.7.3 – Draft Financial Plan Meeting. The results of the Preliminary Financial Plan and Revenue Requirements will be presented to Staff for comments, feedback and direction.

Task 2.7.4 – Final Report Meetings/Public Hearing. The draft report will be reviewed with City Staff in a workshop setting to discuss findings and recommendations, gather feedback and address questions.

The results of the Final Report will be presented to the City Council during two (2) public meetings, including the Public Hearing required by Proposition 218. Willdan’s Project Manager will be present to address any questions or concerns raised during the public hearings. Additional meetings can be added for $1,450 per meeting.
Phase Three – Stormwater Fee Analysis Work Plan

Given the different requirements associated with the adoption of Stormwater Fees under Prop 218 (as opposed to water and wastewater rates and fees), including questions about the process for the adoption of the existing fee, upon initiation of Phase Three we will conduct a detailed discussion with the City about the history of the existing fee, current objectives, the necessary steps and potential challenges for adopting an increased or new fee.

To implement Stormwater Fees, Prop 218 requires a separate cost of service analysis and an actual ballot process, with ballots mailed to property owners, and a tabulation of returned yes/no ballots. Alternatively the process can be conducted as an election. Either way, a different strategy will be necessary than that for water and wastewater, which only requires a mailed notice, and the absence of a majority of written protests submitted by customers.

Depending upon political, policy and financial factors, it might be necessary to take a different approach to adopting an updated or new Stormwater Fee. Scaled costs reflecting the varying levels of effort for each option are outlined in the Cost Proposal in Section 8 of this proposal. We will discuss with the City the potential for approach options, including:

- Leaving the current fee in place until political and economic factors provide a higher likelihood of success in a ballot or vote, and a more comprehensive strategy can be developed;
- (a) The feasibility and defensibility of using a simple flat fee structure where the administrative and fixed costs of regulatory compliance are spread to all properties in a straightforward fee structure;
- (b) Developing a somewhat more detailed methodology based on parcel size and a comprehensive database of parcels in the City;
- (c) Creating suitable GIS data for use in creating an impervious area analysis that would support a fee structure based on the impervious area of various parcels, or categories of parcels.

Task 3.1 – Comprehensive Review of Existing Stormwater Fee Structure and Ordinances

Willdan will review the existing fee structure and related ordinances, policies or other documentation as available, with City staff and work with Staff to establish objectives moving forward. As part of this task, the Willdan Team will:

- Review and determine whether the existing rate structure conforms to California Law;
- Evaluate historical performance of the existing stormwater fee;
- Review existing financial policies related to the stormwater fee (if any);
- Determine if the existing methodology should be refined;
- Evaluate the process and feasibility of proceeding with a stormwater cost-of-service analysis and ballot, and
- Provide recommendations for updated methodology elements to incorporate.

Task 3.2 – Establish a Parcel Database

Willdan will create a parcel database of the properties that are or will be subject to the fee and analyze the data collected to update the stormwater fee.

- **Parcel Database.** The established parcel database will be utilized to categorize properties based on type, and demand placed on the City’s stormwater system. We will classify properties based on the service or maintenance being funded to optimally capture and charge properties in relation to their impact. Through this process, we will keep in mind the current property classifications for the existing rate structure to minimize reclassification, wherever appropriate.

- **Validate Data and Develop Frequency Analysis.** Generate a database of detailed customer data in bill frequency format by customer class. The Willdan team will apply the City’s current rate structures to the customer database to determine the appropriate means of collecting the stormwater fee.

- **Generate Customer Statistics.** Review the City’s existing ordinances and defined property types to determine whether the fee structure captures the unique characteristics of the City and its property types and is fairly apportioning the cost of services to each defined customer class. Perform a cross reference of the final parcel database with the County’s parcel database, in order to develop a technically defensible and equitable methodology for the stormwater fee.
### Task 3.3 – Financial Planning and Revenue Requirements Analysis

Willdan will develop a 5-year financial analysis of projected stormwater utility operations. This analysis will include the development of annual revenue requirements taking into consideration the following factors:

- Historical and audited financial data and current budgets;
- Existing fee structure and impact of adjustments to structure;
- Operating, maintenance, central service and administrative expenses;
- Routine repair and replacement capital expenditures;
- Major capital expenditures;
- Current and anticipated funding of appropriate reserves;
- Future growth of customer base;
- Expected operational changes and/or inflation;
- Existing debt service and any proposed bond issues and/or loans; and
- Develop future cash flow scenarios for operations showing application of revenue under existing and proposed fee schedules.

### Task 3.4 – Cost of Service Analysis

Allocate costs in a proportionate manner based upon demand placed on the stormwater utility. Based on the preceding tasks, we will allocate costs and develop unit costs for each defined customer class/property type.

- **Method of Apportionment.** Describe the proportionate demand placed by each property category and the amount that should be charged for the activities being funded. Correlate these findings to establish a benchmark, such as an Equivalent Residential Unit (ERU) and assign ERUs to different property categories. Apportion costs within each land use category that fairly and equitable charges properties.

- **Exemptions/Special Cases.** Determine property types that may require special considerations due to unique characteristics, such as, golf courses or parks that typically build in their own retention basins through swales and basins.

### Task 3.5 – Fee Design and Comparative Analyses

Develop or update fee schedules based on strict cost-of-service principles, as outlined within Proposition 218, to ensure equitable and understandable stormwater fees, as well as revenue sufficiency for the stormwater utility.

The revenue requirement will be recovered through a fee structure designed to stand alone as a separate revenue source. The methodology will be equitable and only utilize data that can be supported and easily obtained and updated. We will evaluate the existing fee structure and ordinances to facilitate a seamless transition to a new structure. This type of analysis will address the following criteria:

- **Financial Sustainability.** The proposed rate structure needs to generate adequate revenues to fully recover current and future costs of operating and maintaining the stormwater system, including capital replacement.

- **Equity.** The fee structure needs to be fair and equitable and must comply with the requirements of Proposition 218.

- **Administrative Ease.** In updating the model, we will ensure — through discussion with City staff — that essential features and components are incorporated into the new model to facilitate a seamless transition.

A neighboring utility comparison will be prepared to assess the difference between the City’s existing and proposed stormwater rates with those of other comparable municipal stormwater system fees within the County of San Luis Obispo.
### Ballot/Election Proceedings

#### Task 3.6 – Coordinate the Ballot Process

We will discuss the options for gaining approval of the new fee with City staff and the City’s legal counsel. Proposition 218 provides some flexibility in this process. A ballot proceeding can be conducted based on weighted ballots, similar to an assessment, or a majority vote of the property owners subject to the fee (i.e. one-property, one-vote). We will discuss the pros and cons of each approach, then work with staff to develop a timeline and task outline for the selected approach.

Since a Public Hearing will be required in either approach, Willdan will prepare the required notice for the Public Hearing. Depending on whether a ballot of election process is undertaken, we will coordinate the preparation of assessment ballot or election documents in compliance with Proposition 218, and if applicable, the Elections Code. Draft copies will be sent to City staff and the City Attorney for review and comment prior to finalization of the documents. The notice and ballot materials will be tailored so as to specifically address the fees per individual proposed parcel.

Upon adoption of the resolutions during the Intent Meeting, assuming a mailed ballot proceeding, Willdan will coordinate the printing and assembling of the notice and ballot for mailing. The notice and ballot will be double sided, to save on printing and postage costs. A return #9 envelope will be included for the property owner to mail back the assessment ballot to the City Clerk. Return postage will not be included.

The notice and ballot will be delivered via first class mail. The ballot will contain instructions to return directly to the City Clerk and to not be opened until the close of the Public Hearing. Mailing of the notice and ballot will be done a minimum of 45 days prior to the Public Hearing date as set in the resolution.

If it is decided to undertake an election, Willdan will discuss options with the City for conducting the election in a mail-in process, or through the County Registrar, develop a timeline, and coordinate the development of election materials.

#### Task 3.7 – Public Hearing and Ballot Tabulation (assuming mailed ballot proceeding)

Willdan team members will attend the Public Hearing to be available to answer questions and to assist the City Clerk with an independent tabulation of the returned ballots.

Upon the close of the Public Hearing, the City Clerk will be directed to open the ballots received, and upon completion of the tally, announce the results either at the same Council session or the next regularly scheduled session (depending on the number of ballots to be tabulated).

The ballots may be opened and tabulated by the City Clerk with the assistance of an outside consultant but must be opened and tabulated in a public venue. Ballot results will be tallied in a database that identifies the “yes” votes, “no” votes, and any ballots deemed invalid. These results will be provided to the City in a hard copy format.

#### Task 3.8 – Communicating the Results – Presentation & Meetings

Willdan believes in proactive stakeholder outreach, feedback, and understanding during the entire process, not only at the time the results are proposed. Throughout the course of the study, in addition to the project kick-off, Willdan will conduct discussions with key City staff, and City Council to walk-through the model, discuss the preliminary findings, and to discuss the draft results and study findings.

In addition to the project kick-off, we anticipate up to one (1) in-person working meeting with City staff during the course of this project. Additionally, we have increasingly been utilizing WebEx to conduct online meetings and discussions. This allows for the project to move forward in full compliance with whatever public health guidelines may be in place due to the COVID-19 outbreak. This often proves more beneficial than conference calls, and does not count as a formal meeting, which can add unnecessary additional costs to the project.

Beyond working project meetings, we will also conduct two (2) presentations of the combined findings and reports to the City Council. The final presentation will include easy-to-follow handouts/graphics as needed to illustrate study assumptions, methodologies, findings and conclusions, and will include a discussion period for questions and answers. We may utilize the model during the presentation of study results, including demonstration of scenarios, evaluation of policy assumptions, and effects of different fee alternatives.
Task 3.9 – Prepare and Document Fee Recommendations

Willdan will document the results of the study in a report consistent with the tasks identified throughout this work plan, and consistent with the requirements of Proposition 218. The documentation will include an executive summary, methodology, background assumptions, findings, recommendations, and conclusions, along with the required diagrams.

We will provide City staff with a digital copy, and five (5) hard copies of the preliminary draft report for review and comment. Based upon the comments received, prepare the same number of final printed and digital copies of the report. The City will also retain a copy of the fee/assessment model for future reference.

City Staff Support / Responsibilities

Willdan recommends that the City assign a key individual as project manager for each project. As our analysis is developed, the City’s appointed project manager will: Coordinate responses to informational requests; Coordinate review of work products; and Identify appropriate staff members for participation in meetings and facilitate in scheduling.

We will ask for responses to initial information, follow-up requests and comments on reports within five business days or otherwise agreed upon timetable. If there are delays, the project manager will follow up with the parties involved to establish an estimated date for the delivery of information and/or feedback. To ensure continued progression, the project manager will reconvene with the rest of the team to identify tasks that can be started while waiting for requested data.
Project Timeline

The following outlines the estimated number of weeks to complete each task outlined in our scope of services. Specific project schedules will be developed following consultation with, and in concert with, City staff.

Water and Wastewater Rate Study

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<th>Scope of Work</th>
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Prop 218 Process

Pub Hrg (Spring)
### Stormwater Fee Analysis

#### City of Grover Beach

**Stormwater Fee Analysis**

#### Project Schedule

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*Note: (Spring 2021)*
8. Cost Proposal

Financial Analysis and Rate Study

Based on our work plans provided in the scope of services, we propose the not-to-exceed fixed fees shown below, depending on the selected option. The table below provides a breakdown of this fee by task and project team member.

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<th>J. McGarvey</th>
<th>K. Burnett</th>
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Please note: The actual fee for the Stormwater Fee Study will likely change based on initial discussions and the completion of Tasks 1.1, 1.2, and 3.1. This initial data gathering, kickoff, review of existing fee and discussion of options will lead to a refinement of the overall remaining scope and fee. If it is decided to do nothing, the fee will only be for these three tasks, with no further cost.

Following this, costs are provided for three preliminary options outlined in the scope of services. These options may be modified as discussions progress. Option (a) is the evaluation and development of a flat-type fee per parcel. Option (b) is for a fee based on parcel size, and Option (c) is for the development of a fee based on impervious area. Cost options are presented for the Tasks within the scope that would vary depending on the selected option, with subtotals and totals provided for each preliminary option. The selected option may depend on political and/or economic factors, as well as the availability and cost of developing data to support the analysis and develop a defensible fee.

Proposition 218 Fees
The fixed fee does not include direct costs associated with the printing, processing and mailing of Proposition 218 notices. We will bill the City for these at our cost plus 10 percent, based on actual quotes provided by our mailing house. These costs are estimated at $.75 per mailed piece.

Costs for payments to the County registrar and legal counsel are also not included should a decision be made to place a measure on the ballot.

Notes
▪ The City will be invoiced on a monthly percentage-completion basis.
▪ Invoices will include a description of services, as well as a summary of costs to date by task.
▪ We will perform additional tasks, outside our scope of services, as requested and authorized by the City for an additional fee.
▪ Willdan will rely on the validity and accuracy of the City’s data and documentation to complete our analysis. Willdan will rely on the data as being accurate without performing an independent verification of accuracy, and that we will not be responsible for any errors that result from inaccurate data provided by the client or a third party.
▪ The City shall reimburse Willdan for any costs Willdan incurs, including without limitation, copying costs, digitizing costs, travel expenses, employee time and attorneys’ fees, to respond to the legal process of any governmental agency relating to the City or relating to this project. Reimbursement shall be at Willdan’s rates in effect at the time of such response.

Hourly Rates
Additional services may be authorized by the City and will be billed at our then-current hourly rates. Our current hourly rates are listed below.

<table>
<thead>
<tr>
<th>Willdan Hourly Rate Schedule</th>
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</thead>
<tbody>
<tr>
<td>Position</td>
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<tr>
<td>Group Manager</td>
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<tr>
<td>Managing Principal</td>
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<tr>
<td>Principal Consultant</td>
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<tr>
<td>Senior Project Manager</td>
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<tr>
<td>Project Manager</td>
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<tr>
<td>Senior Project Analyst</td>
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<tr>
<td>Senior Analyst</td>
</tr>
<tr>
<td>Analyst II</td>
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<tr>
<td>Analyst I</td>
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</tbody>
</table>
INSURANCE REQUIREMENTS

Without limiting CONSULTANT’S indemnification of CITY, and prior to commencement of Work, CONSULTANT shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to CITY.

**General liability insurance.** CONSULTANT shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO “insured contract” language will not be accepted.

**Automobile liability insurance.** CONSULTANT shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the CONSULTANT arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than $1,000,000 combined single limit for each accident.

**Professional liability (errors & omissions) insurance.** CONSULTANT shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of $1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement and Consultant agrees to maintain continuous coverage through a period no less than three (3) years after completion of the services required by this Agreement.

**Workers’ compensation insurance.** CONSULTANT shall maintain Workers’ Compensation Insurance (Statutory Limits) and Employer’s Liability Insurance (with limits of at least $1,000,000).

*Note: Workers’ compensation and employer’s liability insurance requirements may be eliminated for certain sole proprietorships, partnerships, or corporations without employees.*

Consultant shall submit to CITY, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of CITY, its officers, agents, employees and volunteers.

**Umbrella or excess liability insurance.** CONSULTANT shall obtain and maintain an umbrella or excess liability insurance policy with limits that will provide bodily injury, personal injury and property damage liability coverage at least as broad as the primary coverages set forth above, including commercial general liability, automobile liability, and employer’s liability. Such policy or policies shall include the following terms and conditions:

- A drop down feature requiring the policy to respond if any primary insurance that would otherwise have applied proves to be uncollectible in whole or in part for any reason;
- Pay on behalf of wording as opposed to reimbursement;
- Concurrency of effective dates with primary policies;
- Policies shall “follow form” to the underlying primary policies; and
- Insureds under primary policies shall also be insureds under the umbrella or excess policies.
Other provisions or requirements

Proof of insurance. CONSULTANT shall provide certificates of insurance to CITY as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers’ compensation. Insurance certificates and endorsements must be approved by CITY’S Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with CITY at all times during the term of this contract. CITY reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. CONSULTANT shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Work hereunder by CONSULTANT, his agents, representatives, employees or subconsultants.

Primary/noncontributing. Coverage provided by CONSULTANT shall be primary and any insurance or self-insurance procured or maintained by CITY shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of CITY before the CITY’S own insurance or self-insurance shall be called upon to protect it as a named insured.

CITY’S rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, CITY has the right but not the duty to obtain the insurance it deems necessary and any premium paid by CITY will be promptly reimbursed by CONSULTANT or CITY will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, CITY may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders’ Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best’s Key Rating Guide, unless otherwise approved by the CITY’S Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against CITY, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow CONSULTANT or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. CONSULTANT hereby waives its own right of recovery against CITY, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). CONSULTANT acknowledges and agrees that any actual or alleged failure on the part of the CITY to inform CONSULTANT of non-compliance with any requirement imposes no additional obligations on the CITY nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the CITY requires and shall be entitled to coverage for the higher
limits maintained by the CONSULTANT. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the CITY.

**Notice of cancellation.** CONSULTANT agrees to oblige its insurance agent or broker and insurers to provide to CITY with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

**Additional insured status.** General liability policies shall provide or be endorsed to provide that CITY and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies.

**Prohibition of undisclosed coverage limitations.** None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to CITY and approved of in writing.

**Separation of insureds.** A severability of interests provision must apply for all additional insureds ensuring that Consultant’s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer’s limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

**Pass through clause.** CONSULTANT agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by CONSULTANT, provide the same minimum insurance coverage and endorsements required of CONSULTANT. CONSULTANT agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. CONSULTANT agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to CITY for review.

**CITY’s right to revise specifications.** The CITY reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the CONSULTANT ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the CONSULTANT, the CITY and Consultant may renegotiate CONSULTANT’S compensation.

**Self-insured retentions.** Any self-insured retentions must be declared to and approved by CITY. CITY reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by CITY.

**Timely notice of claims.** CONSULTANT shall give CITY prompt and timely notice of claims made or suits instituted that arise out of or result from CONSULTANT’S performance under this AGREEMENT, and that involve or may involve coverage under any of the required liability policies.

**Additional insurance.** CONSULTANT shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.
CITY OF GROVER BEACH
DISCLOSURE OF CONFLICT OF INTEREST

<table>
<thead>
<tr>
<th></th>
<th>YES*</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Are you currently in litigation with the City of Grover Beach or any of its agents?</td>
<td>☐</td>
</tr>
<tr>
<td>2</td>
<td>Do you represent any firm, organization or person who is in litigation with the City of Grover Beach?</td>
<td>☐</td>
</tr>
<tr>
<td>3</td>
<td>Do you currently represent or perform work for any clients who do business with the City of Grover Beach?</td>
<td>☐</td>
</tr>
<tr>
<td>4</td>
<td>Are you or any of your principals, managers or professionals, owners or investors in a business which does business with the City of Grover Beach, or in a business which is in litigation with the City of Grover Beach?</td>
<td>☐</td>
</tr>
<tr>
<td>5</td>
<td>Are you or any of your principals, managers or professionals, related by blood or marriage to any City of Grover Beach employee who has any significant role in the subject matter of this service?</td>
<td>☐</td>
</tr>
<tr>
<td>6</td>
<td>Do you or any of your subcontractors have, or expect to have, any interest, direct or indirect, in any other contract in connection with this Project?</td>
<td>☐</td>
</tr>
</tbody>
</table>

* If the answer to any question is yes, please explain in full below.

Explanation: ____________________________________________

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_________________________________________________________________________

Signature

Date

Name

Company

Address

City, State, Zip

☐ Additional page(s) attached.