

CITY OF STOCKTON
STANDARD AGREEMENT

Agreement Number:

1. This Agreement is entered into between the City of Stockton ("City") and
 ("Contractor") to provide
 as set forth in Exhibit A to this Agreement.

2. The term of this Agreement is as follows, unless amended as described in Exhibit A and
 Exhibit C section 8:

Commences on:

Terminates on:

3. The maximum not to exceed amount to be paid to Contractor for the term of this Agreement,
 including if authorized, reimbursement of expenses, is: \$

4. The complete Agreement consists of all the following Agreement documents which by
 reference are incorporated and made a part of this Agreement. The parties agree to comply with
 the terms and conditions of this Agreement.

- (a) Exhibit A – Statement of Work
- (b) Exhibit B – Insurance
- (c) Exhibit C – General Terms & Conditions
- (d) Exhibit D –
- (e) Exhibit E – Compensation Schedule
- (f) Exhibit F – Timeline

IN WITNESS WHEREOF, the authorized parties have executed this Agreement.

CONTRACTOR

Contractor's Name (if other than an individual, state whether a corporation, partnership, etc.):



Authorized Signature

July 16, 2025

Date

Printed Name and Title of Person Signing

Address

CITY OF STOCKTON

Steve Colangelo, Interim City Manager

Date

ATTEST:

Katherine Roland, CMC, CPMC, City Clerk

APPROVED AS TO FORM:

Lori M. Asuncion, City Attorney

BY:

EXHIBIT A

STATEMENT OF WORK

1. Project Objectives

The City has requested a water rate study, utilizing industry recognized water rate setting principles and methodologies which will provide the basis for adopting and implementing water rates that are cost-based, proportional, and defensible to the City's customers. The Study is designed to evaluate the adequacy of the existing water rates to prudently fund current operating and capital expenses and, more importantly, maintain required debt service coverage (DSC) ratios in accordance with the long-term debt requirements (covenants).

2. Major Deliverables

Task 1: Project Management and Quality Control
Task 2: Data Collection and Review of Customer Billing
Task 3: Initial Project (Kick-Off) Meeting
Task 4: Review of Rate/Financial Policies
Task 5: Revenue Requirement Analysis (Financial Plan)
Task 6: Cost of Service Analysis
Task 7: Rate Design Analysis
Task 8: Miscellaneous Fee
Task 9: Study Documentation
Task 10: Public Meetings/ Presentations
Task 11: Proposition 218 Assistance
Task 12: Public Outreach
Task 13: Ongoing Rate Study Support

See Attachment A (Proposal for Water Rate Study PUR 25-035) for details of each task.

3. Internal and External Standards and Guidelines

In reviewing and evaluating the City's water rates, contractor will rely on generally accepted principles and methodologies. These generally accepted principles and methodologies are best defined by the AWWA M-1 Manual, Principles of Water Rates, Fees and Charges.

4. Notices

Pursuant to Exhibit C – General Terms and Conditions, Paragraph 15 – Notices, the mailing address for all required notices is as follows:

Contractor: HDR Engineering, Inc.
Attn: Shawn Koorn
6701 Koll Center Parkway, Suite 250
Pleasanton, CA 94566

City: City of Stockton
Attn: City Manager
425 N. El Dorado Street
Stockton, CA 95202

5. Key Personnel

Danny Trejo – Program Manager III
Delta Water Treatment Plant
11373 N Lower Sacramento Rd
Stockton, Ca 95242

10. Option to Renew.

n/a



PROPOSAL FOR
Water Rate Study

PUR 25-035



City of Stockton
May 1, 2025



May 1, 2025

Rajvir Sahota
c/o City Clerk
City of Stockton
Municipal Utilities Department
425 North El Dorado Street
Stockton, California 95202-1997

RE: Water Rate Study (PUR 25-035)

Dear Rajvir,

The City of Stockton (City) Municipal Utilities Department (MUD) has requested a proposal to conduct a water rate study (Study). HDR Engineering, Inc., (HDR) has a long and successful history of working with the City on their water, as well as wastewater and stormwater, rate studies. Additionally, HDR has qualifications and a long history of experience, including an extensive knowledge of the adoption of utility rates in California under Proposition 218 with experience in public outreach.

HDR has previously performed water rate studies for the City in 2009, 2015, and 2020. We worked closely with you to develop the funding/financial plan and water rates to support significant capital improvement projects (e.g., Delta Water Supply Project), a detailed review of the City's water rate structures, and the implementation of conservation-oriented (i.e., tiered) water rate structures. Key to these prior studies was the review of changing consumption patterns, developing a projection of future rate revenues, and the ability of the proposed rates to adequately fund operating and capital expenses. The prior studies also established and updated the City's drought surcharges and hydrant fees and charges.

The results of the Study require effective communication by our team, along with productive work study sessions, City Council meetings, and public outreach. **HDR has an extensive knowledge and understanding of the City's water rates, and we have clearly demonstrated our ability to work successfully with the City to achieve the Study goals and objectives.**

The City has stated several objectives for the Study, including to "Develop a Long-Range Financial Plan for the Water Fund, incorporating it into the cost-of-service rate study." Establishing cost-based water rates is critical in that the Study must be developed and documented so that it meets the requirements of California Constitution Article XIII D, Section 6 (i.e., Proposition 218). **To meet the intent of Proposition 218, the Study will develop water rates that are cost-based, proportional, and based on the City's specific costs and customer characteristics.** The Study must provide clear documentation of the cost-basis and proportionality for the proposed water rates, which not only includes both the amount of revenue collected from the rates, but also the cost-basis for the fixed monthly service charges and each consumption tier or charge. This will help address another key component that City identifies in the RFP noting the Study should, "Determine an equitable monthly service charge that fully supports operations and maintenance, asset replacement, capital improvements, and potential debt service costs."

POINT OF CONTACT

Shawn Koorn
Associate Vice President
555 110th Ave NE, Suite 1200
Bellevue, WA 98004
☎ 425.633.4596
✉ Shawn.Koorn@hdrinc.com

SIGNATORY

Holly Kennedy, PE
Senior Vice President
2365 Iron Point Road, Suite 300
Folsom, CA 95630
☎ 925.465.2717
✉ Holly.Kennedy@hdrinc.com

HDR is nationally recognized for its experience in financial planning and rate studies. We have successfully developed financial plans and performed water rate studies for hundreds of utilities around the U.S. **We are highly experienced working with the City and utilities in California, and we understand the complexities of meeting the requirements of Proposition 218.**

The proposed project manager for the Study will be Shawn Koorn, an Associate Vice President with HDR. Shawn was the project manager for the City's prior water rate studies and led the public meetings for these efforts. Most recently, Shawn was the project manager for the City's wastewater and stormwater rate studies. Shawn is nationally recognized as an expert in financial planning and rates and is a co-instructor for the American Water Works Association (AWWA) three-day rate setting essentials seminar, and a contributing author to the AWWA M-1 and M-54 Manuals.

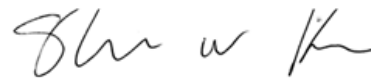
Shawn will be supported by Josiah Close as assistant project manager and Kevin Lorentzen as quality assurance/quality control (QA/QC) lead; they both have worked with the City on the previous studies. Tom Hoffman will be providing engineering assistance, Sara Anderson and Jack Adams will assist with rate analysis, and Heleana Galvin and Julian Hernandez will be responsible for public outreach. They all have previously worked with the City. In addition, HDR has teamed with Kim Floyd Communications and West Yost to provide additional public outreach knowledge and engineering assistance staff for the study. Kim Floyd Communications has assisted the City in outreach efforts on prior rate studies with HDR. West Yost has provided planning and engineering for the City's water utility for master planning, which will provide input in the Study for the development of the capital funding plan and cost of service.

We appreciate the opportunity to provide this proposal to the City and we look forward to discussing our proposal with you. At the time of submittal of the proposal, no addendums have been received or reviewed. The proposal is signed by Holly Kennedy, who is an officer of the firm authorized to bind the firm to the comments made in the proposal. The proposal and its contents, including fee proposal, are valid for a period of 120 days. If you have questions about our approach to this important project or the information contained herein, please do not hesitate to contact us.

Sincerely,
HDR Engineering, Inc.



Holly L.L. Kennedy, PE (CA #74682)
Senior Vice President



Shawn Koorn
Associate Vice President



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01 Qualifications and Experience

Firm Description, Team Qualifications, and Team Organization

HDR Introduction and Structure

HDR is a 100% employee-owned professional services firm. Founded over a century ago to bring electricity to a changing world, we are now a global company specializing in architecture, engineering, environmental, and construction services.

Our Utility Rates and Finance Group, established more than 40 years ago, has provided services to water, wastewater, recycled water, storm drain, solid waste, and electric utilities. The group consists of financial planners, accountants, and economists, who have attained a national reputation in water and wastewater utility financial planning, cost of service, and rates and fees.

The Study for the City will be performed by HDR Engineering, Inc, which is a subsidiary of HDR, Inc. Figure 1-1 shows the subsidiaries of HDR, Inc. and Figure 1-2 depicts the management structure of HDR, Inc.

Team Qualifications

Led by recognized technical staff, HDR has attained a national reputation in the area of financial planning, utility rates, and connection fee studies. This is why we can make this claim:

♦ Excellent Communication Skills

Ultimately, the success of a rate study hinges on the ability to convey complex and detailed information to the governing body to gain support for the study's recommendations. A study with a strong technical analysis may fail if the consultant cannot explain the study's findings, conclusions, and recommendations in a clear and understandable manner. HDR believes communication is one of the key attributes that sets us apart, and our prior presentations for the City's studies are proof of our experience.

♦ Practical Work Experience within Utilities

HDR personnel have been involved in every facet of utility operations. Prior to consulting, many of our employees have spent considerable time working for a utility. This understanding of the day-to-day workings of a utility is invaluable in helping HDR work effectively and successfully manage projects. We understand the challenges of limited time and budgets. HDR works closely with clients to provide efficient and cost-effective solutions. We understand that our studies must be comprehensive in nature and defensible.

FIGURE 1-1: Subsidiaries of HDR, Inc.

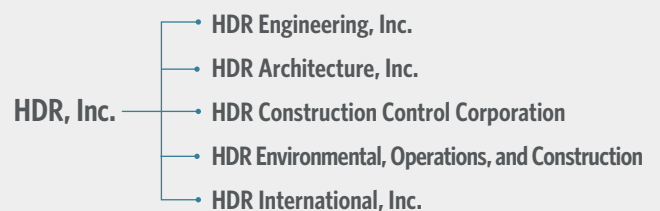
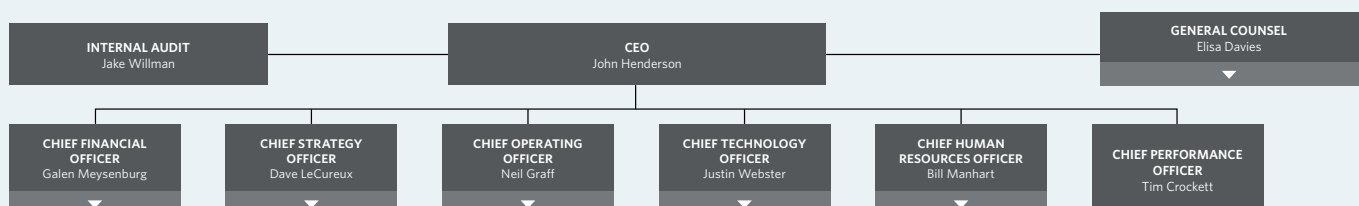


FIGURE 1-2: Management Structure of HDR, Inc.





◆ **Breadth of Consulting Services Provided by the Project Team**

As a multidisciplinary engineering and consulting firm, HDR has a number of individuals with highly specialized knowledge, such as financial planning and rates. While HDR specializes in financial planning, cost of service, and rates/connection fees, HDR does not lose sight of the overall need for prudent and informed policy decisions, along with good utility management and engineering practices. When necessary, HDR can draw on the other areas of experienced staff throughout the firm.

◆ **Depth of Experience in Rate Studies**

HDR personnel have performed hundreds of water rate studies throughout the U.S. and Canada. Working with a wide variety of utilities (large and small) and in a variety of locations, we have an extensive understanding of the trends and practices occurring in the industry. Our experience and knowledge

of the industry and current best management practices bring great credibility to our analyses and resulting recommendations.

◆ **Teaching Experience**

HDR project team members teach a number of courses and workshops on the subjects of financial planning, revenue requirements, cost of service, rate design, and connection fees. In particular, Shawn Koorn, HDR's project manager for the City's Study, is a co-instructor for the three-day AWWA Rate Setting Seminar, which covers the theory and methodologies associated with utility financial planning, cost of service, rates, and connection fees.

◆ **Public Outreach**

HDR's in-house strategic communication and public engagement professionals have developed and implemented hundreds of programs on behalf of our clients across the U.S. Our team blends national best practices with local community knowledge and relationships to implement strategic and effective public communications, engagement, and education solutions. Our communication professionals work side-by-side with our technical staff to clearly understand technical challenges allowing for clear messaging to target audiences. In addition to our in-house public outreach professionals, our proposed team includes Kim Floyd Communications, who have assisted the City in outreach efforts on prior rate studies with HDR.

Team Organization

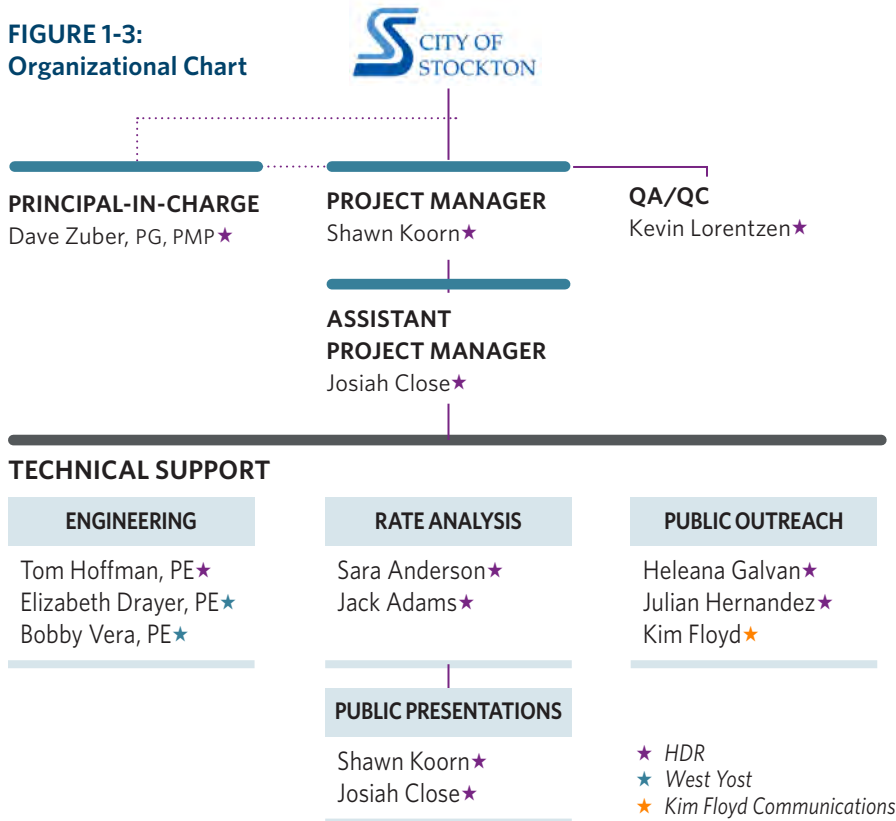
To provide a successful study, our project teams are led by an experienced project manager and staffed with dedicated utility financial/rate analysts. Moreover, we leverage our engineering and planning staff to our study, given that financial/rate studies are a blend of financial/rate and engineering / planning knowledge.

Our established and experienced Utility Rates and Finance Group is capable of providing the technical knowledge needed for the City's water rate study. Our proposed key project team members are nationally recognized for water rate studies, and they focus 100% of their time and effort on this specialized area. An overview of HDR's proposed project team is provided in the organizational chart below (Figure 1-3).

A brief discussion of our key team members, including their roles and relevant experience are provided on the following pages. Resumes for key project team individuals are included in Appendix B.

Our combination of knowledge and experience make us highly qualified to assist the City in the development of the water rate study. However, HDR believes that to understand the quality of services provided by HDR is to talk to our project references included later in this proposal.

FIGURE 1-3:
Organizational Chart



OUR SUBCONSULTANTS

Kim Floyd Communications

Kim Floyd Communications is a small, woman-owned public outreach practice headquartered near Galt, CA. Principal Kim Floyd opened her practice in 2009 after recognizing a need within the public sector for affordable, effective approaches to public outreach. The practice has a strong track record in the successful design and implementation of public outreach programs. With specialized experience in developing public outreach programs for Proposition 218 activities, the firm has a 100 percent success rate with property-owner approved benefit assessments.

West Yost

For over 20 years, West Yost has been a trusted partner of the City of Stockton, providing planning and design for water system improvements. In 2021, West Yost prepared the City's Water Master Plan Update, which laid the foundation for an updated capital improvement plan for the City's North Stockton and South Stockton water systems. This plan informed the development of the City's 2021 Water Rate Study. Looking ahead to the 2026 Water Rate Study, West Yost will collaborate with HDR to provide updated information on the scope and timing of necessary capital improvements, making sure that the new water rates accurately reflect the required system improvements.

Shawn Koorn—PROJECT MANAGER

- 25 years of experience in water rate setting
- Project manager for the City of Stockton's rate studies since 2009; experienced working with the City's staff and external financial advisors
- Project manager for numerous water rate studies conducted across the U.S. and Canada
- Worked with numerous California utilities on rate studies and the requirements of Proposition 218
- Co-instructor for the AWWA Rate Setting Essentials Seminar
- Provides effective presentations to City Councils, the public, and industry conferences (e.g., WEF, AWWA)

Dave Zuber, PE—PRINCIPAL-IN-CHARGE

- Northern California Water Business Group Manager
- 41 years of experience in project and program management quality implementation
- Experience includes wastewater treatment plant upgrades, environmental compliance, and planning
- Highly experienced with monitoring compliance with contract terms, assigning and coordinating staff, and overseeing quality of deliverables





HDR

Josiah Close—ASSISTANT PROJECT MANAGER & PUBLIC PRESENTATIONS

- More than 12 years of experience in developing cost of service and rate design models for water and sewer systems
- Works extensively with California water and sewer utilities on rate studies
- Assistant project manager for the City of Stockton's recent rate studies
- Highly experienced in reviewing/assimilating customer consumption data
- Conducted similar water rate studies for the cities of San Luis Obispo, Santa Maria, and Santa Barbara, and Otay Water District



HDR

Kevin Lorentzen—QA/QC

- 19 years of experience in utility financial planning, cost of service, and rate design
- Exceptional knowledge of Excel rate modeling and financial planning models
- Previously worked in the Finance Department of the City of Bellevue as the lead forecaster
- Extensive work with California water/sewer utilities on water and sewer rate studies
- Water rate study projects in California include South Tahoe PUD, Truckee Donner PUD, and Tahoe City PUD, and cities of Pleasanton, Stockton, and Folsom



HDR

Sara Anderson—RATE ANALYSIS

- Over three years of industry experience in developing water rate studies
- Developed the technical analyses for multiple rate studies across the U.S.
- Water rate study projects in California include Tahoe City PUD, Olympic Valley Public Service District, and the cities of Stockton, Santa Maria, Santa Barbara, and Solvang
- National rate studies for Saint Charles (MO), Foxborough (MA), Mitchell (SD), Ashland (OR), and South Salt Lake (UT)



HDR

Jack Adams—RATE ANALYSIS

- More than three years of financial analysis experience
- Has been developing rate and fee models for approximately one year
- Developed financial models for multiple utility rate and fee studies
- Rate study projects in California include McKinney Water District, Santa Barbara County, and Los Angeles County Department of Public Works
- National rate studies for Medford Water (OR), King County (WA), and Anchorage Water and Wastewater Utilities (AK)



HDR

Tom Hoffman, PE—ENGINEERING

- More than 11 years of experience in providing engineering and design services for public works projects and water and wastewater pipeline design and condition assessment
- Provided design and engineering services during construction of improvements to the City's Delta Water Supply Project
- Registered professional engineer located in HDR's Folsom office



WEST YOST

Elizabeth Drayer, PE—ENGINEERING

- Experienced in leading water resources planning studies and design project and specializes in water supply and infrastructure master planning
- Prepared 24 water and utility master plans, more than 20 water supply assessments, and more than 50 urban water management plans
- Project manager for the City's Water Master Plan update
- Project manager for the 2020 Urban Water Management Plan



WEST YOST

Bobby Vera, PE—ENGINEERING

- Specializes in water resources, water supply and facilities planning, and wastewater collection system master planning
- Proficient in a variety of hydraulic modeling (pressure and gravity systems) and GIS software
- Project engineer and technical lead for the City's Water Master Plan update, responsible for updating the City's Water System Master Plan in a fast tracked, 8-month schedule



HDR

Heleana Galvan—PUBLIC OUTREACH

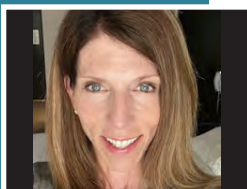
- Senior strategic communications manager with over 25 years of experience working for a variety of public agencies and the private sector
- Extensive experience working within highly technical environments to bridge communications with the public, understand their issues, and work collaboratively to address concerns and solve problems to help projects stays on track
- Provided public outreach support for the City's Stormwater Rate Study and was strategic communications manager for the Port of Stockton's On-call Public Relations Support



HDR

Julian Hernandez—PUBLIC OUTREACH

- Four years of experience in public engagement to bring positive outcomes to public infrastructure projects
- Has supported several clients on projects in Northern California, with a focus on public engagement throughout the CEQA and NEPA process
- Supporting the outreach and equity components of the City of West Sacramento's Enterprise Corridor and Bridge Crossing Project, and the San Joaquin Regional Rail Commission's Stockton Diamond Grade Separation Project.



KIM FLOYD
COMMUNICATIONS

Kim Floyd—PUBLIC OUTREACH

- Principal of Kim Floyd Communications and leading practitioner in meaningful public outreach for integrated flood management, water resources, and land use issues
- Developed unmatched knowledge in public outreach programs for Proposition 218 processes for benefit assessments and utility rate adjustments
- Has assisted the City in outreach efforts on prior rate studies with HDR

Client References

While no two studies are the same, provided below is a summary of projects completed by HDR in the local region that are similar in nature. First is a summary of the studies completed by HDR for the City, followed by three examples as requested in the City's RFP. Contact information for each of the references is provided in Attachment D.



Water and Sewer Rate Studies

City of Stockton | Stockton, California

DATES

- 2024
(wastewater and stormwater)
- 2020 (water)
- 2018
(wastewater)
- 2015 (water)
- 2011 (wastewater and stormwater)
- 2009 (water)

Since 2008, HDR has been assisting the City of Stockton in the development of rate studies to support the Municipal Utilities Department. This includes the development of proposed rates and fees to fund the annual operating and capital costs.

Over the years, HDR has completed water rate studies in 2009, 2015, and 2020 and sewer rate studies in 2011, 2018, and 2024. The most recent comprehensive water rate study focused on two key issues. The prior drought impacted overall usage levels, and meeting the rate covenants associated with minimum debt service coverage had become an issue. As a part of the study, HDR worked with the City to develop an internal and external outreach and education plan to gain acceptance and adoption of the proposed water and sewer rates.

The water rate study also developed drought rates which can be implemented in times of drought to maintain the adequacy of water utility revenues during times of voluntary and/or mandatory reductions in consumption. The key aspect of the 2018 wastewater study was the development of a financing plan for treatment plant upgrades to meet regulatory requirements. This resulted in a collaborative approach with City staff, outside financing community, and HDR. HDR has annually assisted the City in the review and update of the financial plan (revenue requirement), as the City issues or refinances long-term debt.



Water and Wastewater Rate and Capacity Connection Fee Study

City of Santa Barbara | Santa Barbara, California

DATES

- 2024 (water and wastewater)
- 2021 (wastewater)
- 2019 (water)
- 2018 (wastewater)

HDR has been assisting the City in the development of utility rates and fees since 2018. Rate and fee studies were completed for the wastewater utility in 2018, water utility in 2021, wastewater update in 2022, and a water and wastewater update in 2024.

For each of these studies, a 10-year Financial Plan (revenue requirement) was developed and used to establish rates for the next three to four year period. Once the overall revenue needs were developed, a cost of service analysis was undertaken. This provided the cost-basis and proportionality for the proposed rates under Proposition 218. As part of the water and wastewater rate studies, the customer classes of service and rate structures were reviewed and recommendations made to transition to structures. This review was in collaboration with City staff and the Water Commission to gain input and insight into the study.

At the conclusion of the rate structure discussions, several rate structure revisions were made to reflect both current industry standards as well as the City's unique customer characteristics, specifically for the multi-family customer class of service. HDR participated in project meetings with City staff, Water Commission presentations, large customer meetings, and presentations to the City Council.



Comprehensive Water and Sewer Rate Study

City of San Luis Obispo | San Luis Obispo, California

DATES

Water and wastewater:

- 2025
- 2023
- 2021
- 2019
- 2017
- 2015
- 2012
- 2008
- 2005

Winter water average calc:

- 2012-2019

Since 2005, HDR has worked extensively with the City of San Luis Obispo to review their water and sewer rates. Over the years, HDR has effectively worked with utility staff and management along with the City Council to identify their rate design priorities and provide public presentations to support their policy direction.

Over the last 20 years, the City's water rate design goals and objectives have changed. In the City's 2015 study, due to declining consumption and mandated conservation, revenue stability was identified as the City's highest rate structure priority. In the most recent studies (2017, 2019, 2021, and 2023), HDR provided the cost-basis for higher fixed monthly charges as required under Proposition 218.

HDR also assisted the City in the review and update of the water and sewer impact fees (i.e., capacity connection fees). This included evaluating the methodology and approach and then updating the fees to cost-based levels. HDR has provided updates that reflect the changing utility conditions and customer characteristics to meet the requirements of Proposition 218.



DATES

- 2021
- 2018
(wastewater)
- 2016 (water)
- 2011 (water
and sewer)
- 2008 (water)

Water and Sewer Rate Study

City of Woodland | Woodland, California

HDR has been assisting the City of Woodland with their water and sewer rates for almost 20 years. Initially, HDR assisted the City in the establishment of metered water rates given the requirement to install and bill on metered consumption. For the subsequent studies, HDR assisted the City in refining the water rate structure to reflect consumption patterns and meet the requirements of Proposition 218.

For the wastewater studies, the key was establishing customer classes of service and proposed rates to reflect the specific impacts to the system given different characteristics, such as strength of the wastewater.

In 2025, HDR is scheduled to again update the City's water and sewer rate study. The focus of the study will include the funding and financing of capital projects, along with the needed revenue stability to support the needed long-term debt funding.

Financial Capacity

As an employee-owned firm, our assets are managed and invested with exceptional care. We have established strong risk controls and are committed to managing our company with an eye toward long-term financial health and stability. This commitment has enabled us to thrive for more than 100 years in every economic environment and allows us to be a reliable partner for our clients.

Our financial statements are prepared and audited annually by Ernst & Young LLC. We are financially sound with gross revenues of \$3.8 billion, a current working capital ratio of 2.37, and stockholders' equity of \$0.93 billion (2024).

As requested, the completed Attachment E – Certification of Financial Condition is provided in Appendix A—Forms. If selected, HDR will be prepared to submit the most current annual report should be submitted.

Insurance Requirements

As a major engineering and consulting firm, HDR maintains proper insurance coverage. HDR has always met the insurance requirements of past studies/contracts with the City. If selected, HDR will provide proof of insurance to the City and comply with the requirement in Exhibit 1.

City Business License Requirements

HDR has worked extensively with the City in the past and has always met the business license requirements of the City. If selected, HDR will again meet the City's stipulated business license requirements for this project.



Whether a project challenge is large or small, complicated or straightforward, **we have the depth of resources and expertise to help you achieve results.**

02 Method of Approach

Introduction

HDR provided professional and technical services to the City's Municipal Utilities Department in the development of the water rate studies in 2009, 2015, and 2020. These studies resulted in the adoption of water rates and fees to adequately fund the operating and capital improvements to the water system.

The City has requested a water rate study, utilizing industry recognized water rate setting principles and methodologies which will provide the basis for adopting and implementing water rates that are cost-based, proportional, and defensible to the City's customers. The Study is designed to evaluate the adequacy of the existing water rates to prudently fund current operating and capital expenses and, more importantly, maintain required debt service coverage (DSC) ratios in accordance with the long-term debt requirements (covenants). HDR has developed a detailed approach and scope of services to meet the City's goals and objectives in conducting this study.

Overview of General Methodology

In reviewing and evaluating the City's water rates, HDR relies on generally accepted principles and methodologies. These generally accepted principles

and methodologies are best defined by the AWWA M-1 Manual, *Principles of Water Rates, Fees and Charges*. A comprehensive water rate study is comprised of three interrelated analyses as shown below (Figure 2-1).

The City's water rate study will be developed around these three interrelated analyses to comply with Proposition 218. It is important to understand that these methodologies and technical analyses will be tailored to the City's specific and unique facilities and customer characteristics.

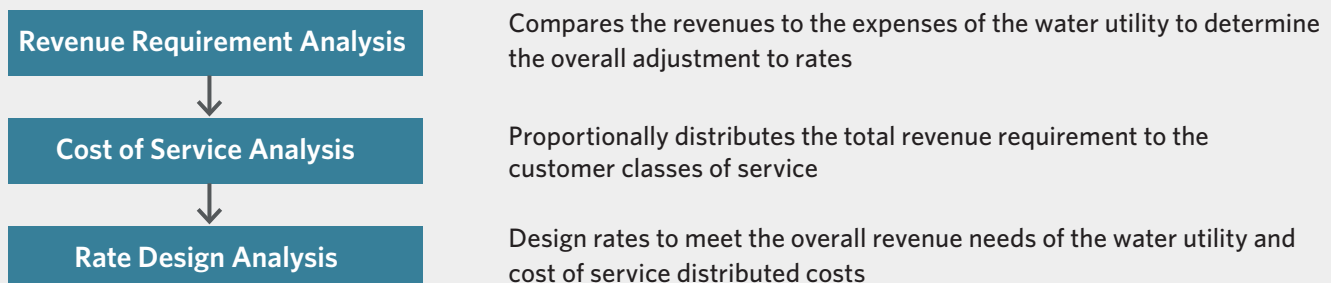
Scope of Services

HDR has developed a proposed scope of services based upon our understanding of the City's needs. HDR's proposed scope is based on generally accepted financial planning and rate setting methods, HDR's understanding of the City's past water rate setting practices, and current industry best practices to comply with Proposition 218.

Task 1: Project Management and Quality Control

Project management is a continuous task and will occur over the entire Study time period, which is estimated to be one year for this project. The HDR project manager will provide monthly progress reports, which will be included with the monthly invoices. The progress report will summarize the

FIGURE 2-1: Interrelated Analyses





work completed during the invoicing period, the overall status of the project, issues identified during the invoicing period, and HDR's assessment of the overall project in relation to deliverables, time schedule, and budget.

Additionally, HDR has a very specific quality control (QC) process for our projects. The QC processes and reviews are internally documented. HDR's QC process focuses on prevention rather than detection and being proactive rather than reactive. QA/QC will be provided by Kevin Lorentzen. Kevin has almost 20 years of experience in financial planning and rate studies. Kevin has been a team member on the prior rate studies completed for the City and is familiar with the models and approach to establishing cost-based and proportional rates for utilities in California to comply with Proposition 218.

As requested in the RFP, recurring meetings, every two weeks, will be set up to review the Study progress and activities.

Activities for Task 1:

- Overall project management to provide adequate resources and leadership to complete the Study on time and within budget
- Adhere to HDR's quality control approach and meeting standards
- Biweekly one-hour meeting to review the project status and progress

Results/Deliverables from Task 1:

- Monthly progress reports and invoices

Task 2: Data Collection and Review of Customer Billing

The initial written data request will detail the data and information required to conduct the Study. Given HDR's familiarity with the City's data, and the City's past experience in collecting the necessary data for previous rate studies, this aspect of the Study should be expedited.

A key element of the data review will be the customer billing characteristics necessary to develop the revenue projection, distribution factors, and rate structure alternatives. This is critical to the development of the Study, and HDR will collaborate with the City to determine the final customer characteristics. In addition, as requested by the City, a workshop will be held with City staff to define the rate classifications as outlined in the City's municipal code, and recommendations on proposed customer classes of service will be provided. At the completion of this review the customer classes will be identified for cost of service and rate design purposes.

Activities for Task 2:

- An initial written data request provided to the City electronically
- A review of the City's data to develop the technical analysis
- Identification of data constraints or additional data needs
- Identification of the customer billing characteristics
- Two-hour workshop to review rate classifications

Expected City Support for Task 2:

- Gather the requested data to complete the study
- Collaborate and coordinate the workshop with City staff

Results/Deliverables from Task 2:

- Identification of outstanding or additional data needs
- Technical memorandum summarizing the recommended rate classifications and customer classes of service

Task 3: Initial Project (Kick-Off) Meeting

Bringing the HDR project team and the City's management and staff together at the start of the project will allow the parties to have a mutual understanding of the goals, objectives, issues, and concerns related to the Study. The initial project (kick-off) meeting allows us to discuss the overall goals and objectives, schedule, approach, and issues or concerns that either party may have for the Study. A written data request will be provided (Task 2) to the City prior to the kick-off meeting to allow for the gathering of data and discussion during the meeting. It is proposed that this meeting be held at the City's office and be approximately two hours in length.

Activities for Task 3:

- Identification of objectives, issues, and concerns
- Review and confirm scope of work, general approach, and project schedule

Expected City Support for Task 3:

- Have key management/project team members attend a two-hour in person kick-off meeting attended by up to two HDR staff

Results/Deliverables from Task 3:

- Kick-off meeting agenda

Task 4: Review of Rate/Financial Policies

The City has requested a review and evaluation of the City's current policies. This review is critical to the Study as it provides the policy basis for certain financial planning targets (e.g., minimum reserves, debt service coverage). HDR emphasizes written financial/rate setting policies for two reasons. First, HDR believes that utilities should be run in a business-like manner, and therefore, should be managed in a financially prudent manner. The other reason for emphasizing this aspect of the process is that by developing written financial (rate-setting) policies, the City is taking a step towards stability in the decision-making process. That is, the policies are adopted based on prudent financial management of the utilities (industry best practices), and decisions should not necessarily be driven by politics or timing of the process. The development of written financial

policies to establish rates and fees is an industry best management practice. Given that, HDR will review the City's existing financial and rate setting policies and practices in order to comply with those policies during the study. HDR will develop and recommend, as appropriate, additional financial/rate policies for consideration by the City for possible adoption.

Activities for Task 4:

- Review the current written financial/rate setting policies of the City

Expected City Support for Task 4:

- Provide current financial policies and needed clarification of current practices

Results/Deliverables from Task 4:

- As appropriate, recommend changes/additions to the current financial/rate setting policies

Task 5: Revenue Requirement Analysis (Financial Plan)

Using industry standard (e.g., AWWA) financial planning methodologies, HDR will develop the water revenue requirement analysis (financial plan) for a projected 10-year period. The revenue requirement analysis or financial plan will establish the cost-based level of revenue to be collected from customers to prudently fund the water utility operating and capital expenses. As necessary, HDR will develop a rate transition plan to move toward cost-based levels.

The development of the revenue requirement analysis is the first major analytical portion of the water rate study process. This portion of the Study entails reviewing the various sources of funds (revenues) and comparing them to the applications of funds (expenses) for the utility. This task considers the prudent and proper funding for operation and maintenance (O&M) and capital expenditures and determines the need for rate adjustments over the time period selected. A more detailed discussion of the various steps involved in developing the revenue requirements is provided below.

Step 1—Selection of a Test Period

The first step in the development of the revenue requirements is the selection of a "test period." In this case, a 10-year review period is proposed, which is what the prior rate studies completed for

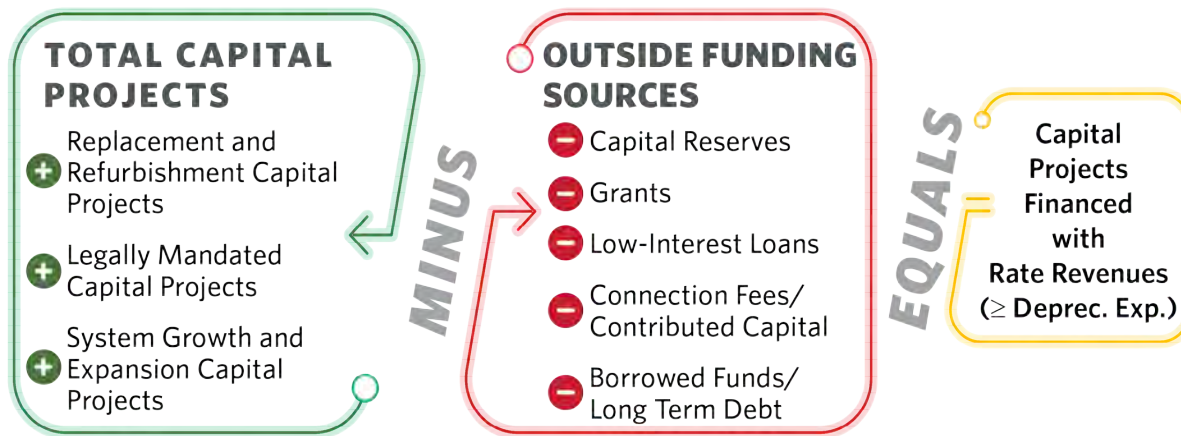


FIGURE 2-2: Overview of General Methodology for Reviewing the Financing of Capital Project Expenses

the City have developed. By reviewing costs over this extended time frame, the City can determine when major rate adjustments may be required and potentially take steps today to help limit future impacts (e.g., rate adjustment transition, accumulation of capital reserves). However, the focus of the Study will be the next five-year period for rate setting in order to align with the requirements of Proposition 218.

Step 2—Method of Accumulating Costs

The City has historically used the cash basis methodology. Under this methodology, the City's revenue requirements are composed of O&M expenses, taxes/transfers, annual debt service, and capital projects funded from rates.

Step 3—Accumulation of Revenues and Expenses

Once the test period and method of accumulating costs has been determined, HDR, in conjunction with City management and staff, will develop the test period revenue requirements for the water utility.

Revenue requirements are composed of two major types of costs: operational and capital expenses. The operational costs are generally projected from historical or budgeted costs, using assumed escalation factors, and adjusted for known changes in operations (e.g., additional personnel, growth/expansion, regulatory). While the projection of the operational costs is fairly straightforward, the capital cost projections are generally the focus of the analysis and require more thought and planning.

Within the Study, the starting point for projecting capital costs (expenditures) will be the water utility five-year capital improvement plan (CIP), 2020 Urban Water Management Plan, and the current Water Master Plan. In the financial planning process, consideration must be given to maximizing the capital improvements (expenditures) for the system, while minimizing rates for its customers. However, the important aspect of this discussion is that there are multiple methods of financing capital expenditures, and it is through this process that rates can be minimized. An overview of the general approach that is used to develop a capital funding plan within the revenue requirement analysis is shown in the table on the following page.

The basic framework (Figure 2-2) is developed on a year-by-year basis for each of the projected 10 years. In summary form, the general approach is to list capital projects in each year and then determine the various outside funding sources for each of the projects. These outside funding sources may include capital reserves, grants, and capital contributions. The balance of projects not funded by these other sources must be financed from a combination of long-term debt and rates. It is the balancing of the use of long-term debt to the impact upon rates, which is critical to the analysis.

In balancing the use of debt¹ to equity (rate) financing of capital projects, several financial planning aspects are taken into consideration. Initially, the utility's debt service coverage ratio is an important financial measure or indication of the utility's ability to repay

¹ Within this study, HDR is not acting as a municipal (financial) advisor regarding the issuance of long-term debt. The City has a financial advisor to fulfill this municipal advisory role as it relates to the size, timing, and structuring of any proposed debt issues.

debt, and a key component of the rate study update. The strength of the debt service coverage ratio is the direct function of the amount of capital projects that are financed from rate revenues. A simple financial test that HDR utilizes is that a utility should fund, at a minimum, an amount equal to or greater than the utility's annual depreciation expense for renewal and replacement capital projects. By following this simple financial rule, the utility is not only establishing a potentially strong debt service coverage ratio, but also helping to provide consistent funding to maintain existing infrastructure at acceptable service levels, with minimal or no long-term debt financing.

In summary, given a better understanding of the overall magnitude of the needed capital projects, a final financing plan can be developed that meets the City's goals and objectives, while attempting to minimize rates and costs over time. At the same time, if a rate transition plan is needed to smooth out potential rate adjustments, it will be developed.

Activities for Task 5:

- A baseline water revenue requirement analysis for a projected 10-year period that evaluates funding options and considers the necessary operating and capital needs of the utility (i.e., long-range financial plan)
- A capital financing plan within the revenue requirement analysis, utilizing the water CIP, Water Master Plan, 2020 Urban Water Management Plan, or other relevant capital planning documents
- A transition plan to "phase in" rate adjustments as needed
- Provide as-needed data refinements or additional data needs as determined during the process of developing the revenue requirements

Expected City Support for Task 5:

- Provide data refinements or additional data needs as determined during the process of developing the revenue requirement
- Attend a half-day in-person project meeting attended by up to two HDR staff to review the draft revenue requirement analysis and review the overall methodology and confirm model assumptions and key inputs

Results/Deliverables from Task 5:

- Recommendations provided in the written report (Task 7)
- Project meeting at the City's location to discuss the development of the revenue requirement and recommendations

Task 6: Cost of Service Analysis

Using generally accepted methodologies, HDR will develop a cost of service analysis to proportionally distribute the revenue requirements of the water utility. Average unit costs (cost-based rate designs) will be developed to comply with the requirements of Proposition 218. A cost of service analysis proportionally distributes the revenue requirement between the customer classes of service as identified in Task 2. The basis for establishing water rates that are proportional, cost-based, and defensible has traditionally been cost of service principles and methodologies².

The State of California has certain well-established legal constraints regarding utility ratemaking, of which Proposition 218 (California Constitution Article XIII D) is at the forefront. In short, Proposition 218 requires the utility to establish cost-based rates for the services provided. Although Proposition 218 provided a certain direction, it lacked clarity and definition in some areas. Recent rate challenges have had a direct impact on the need to provide clear documentation regarding the cost-basis for the City's proposed water rates. This includes both the amount of revenue collected from the rates, and also the cost-basis for the fixed and consumption charges. This task is designed to specifically address this legal requirement to provide a cost basis for each rate schedule and each rate component. A brief discussion of the major steps associated with the water cost of service analysis is provided below.

Step 1—Selection of a Test Period

A cost of service analysis typically reviews a one-year period to establish cost-based water rates. For cost of service purposes, distributing the FY 2026/27 revenue requirements would be appropriate.

² Generally accepted cost of service principles and methodologies are best defined and discussed within the AWWA M-1 Manual, Principles of Water Rates, Fees and Charges.

Step 2—Selection of the Method to Accumulate Costs

The cash basis revenue requirement developed in Task 5 will be equitably distributed within the cost of service analysis.

Step 3—Functionalization and Allocation of Expenses

Functionalization refers to the arrangement of cost data into its basic cost categories. For a water utility, it is generally source of supply, treatment, transmission, and distribution. Given functionalized costs, the costs are then allocated to their various cost components based on the reason why the cost was incurred. For example, allocation determines whether a specific water cost is incurred as a result of a base (average day), extra-capacity (peak day), customer, or fire-protection-related need. The allocation of the City's water costs will be based on generally accepted cost of service techniques (i.e., AWWA commodity demand methodology) and the specific system characteristics of the City's water system.

Step 4—Determination of Classes of Service

The City currently has rates for single-family residential, multi-family, non-residential, and irrigation customers. As a part of Task 2, HDR will review with the City the current customer classes of service and determine whether modifications or changes to the existing customer classes are suggested or required.

Step 5—Review of Customer Consumptive Use

An important objective of the cost of service is to provide the cost basis for tiered and seasonal rates. In this case, the City has a tiered rate for single-family residential (0 – 15 CCF and > 15 CCF), but for other classes of service a seasonal rate structure is used. The cost of service study will review and evaluate customer usage patterns. Customer usage (i.e., daily/hourly and seasonal usage) patterns have operational and cost impacts on the water system. A cornerstone principle of a cost of service analysis is "those who create the cost should pay for the cost." That implies, for example, that the customer group that creates a peak demand on the system should

pay their proportional share of the cost to meet that peak demand.

This step will review the consumptive water data of the City's customer classes of service. This will provide a rational basis for a proportional distribution of seasonal and capacity (peak) related costs. This will be accomplished by reviewing the capacity requirements for each class of service and determining the proportional relationship for the development of distribution factors. Seasonal distribution factors will also be developed to proportionally assign costs between winter and summer time periods.

Step 6—Distribution of Expenses

The next step is to distribute each of the allocated costs to the various customer classes of service using distribution factors. HDR will develop distribution factors that reflect the proportional share of each customer class of service, and that rely on City-specific data. In particular, the development of the capacity distribution factor(s) will require a significant level of care and effort. Based on the prior tasks, HDR will have reviewed the individual customer billing data in order to sort and analyze consumptive and peak capacity use by customer class of service.

Step 7—Summary of the Cost of Service

From the above process, a summary page of the cost of service analysis is developed. The summary page compares the difference between the current level of rate revenues received from each class of service, and the proportionally distributed cost of service for each class. This provides an understanding of the relationship between the costs each customer class of service places on the system and the revenues received from the customers. From this summary, a determination can be made as to the revenue/rate adjustments, by class of service, which are reflective of cost responsibility.

Step 8—Development of Average Unit Costs

The cost of service analysis provides the allocation of total costs to each class of service, but it also provides average unit costs, or cost-based rates. These cost-based water rates are used as the basis

for the final proposed water rates. Average unit costs also provide the City with an understanding of the cost/rate relationship between fixed and variable costs. The variable costs are distributed to pricing tiers for each class of service, thus providing the necessary link required by Proposition 218 between the proposed rate and the cost to provide the service.

Activities for Task 6:

- Review of the customer classes of service and determine revisions for cost allocation or rate design alternative purposes
- Review of the consumption characteristics of the City's customers to confirm the number and size of tiers for each customer class of service
- Proportional distribution of the FY 2026/27 water revenue requirement to the identified customer classes

Expected City Support for Task 6:

- Provide as-needed assistance to explain the City's data and information as it relates to developing the cost of service analysis
- Attend a half-day meeting to review the draft results of the cost of service analysis

Results/Deliverables from Task 6:

- A summary of the average unit costs (cost-based rates)
- A half-day in person meeting at the City's offices attended by up to two HDR staff to review the cost of service analysis
- Recommendations provided in the written report (Task 7)

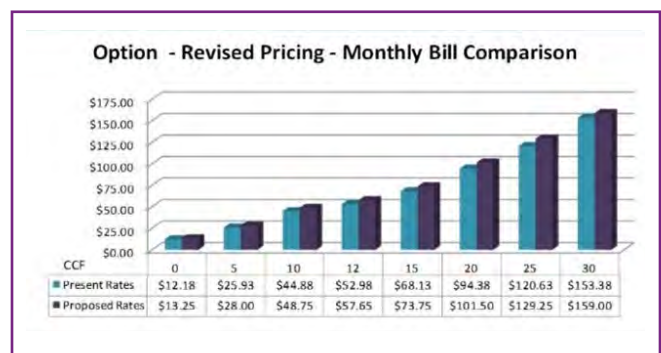
Task 7: Rate Design Analysis

The revenue requirement analysis addressed the City's overall revenue sufficiency and determined necessary revenue (rate) adjustments. Next, the cost of service analysis utilized the revenue requirement and proportionally distributed costs to each of the classes of service while establishing the average unit costs, or cost-based rates (e.g., \$/customer/month and \$/CCF by tier). This task is designed to provide a "baseline" water rate alternative and then review alternative rate structures to meet the City's water rate design goals and objectives including an update to the drought surcharges.

An important starting point for the rate design process is understanding the City's rate design goals and objectives. These objectives may include conservation, revenue sufficiency, revenue stability, ease of administration, and simplicity. The City's current water rates will be reviewed to determine how well they conform to contemporary rate-setting goals and objectives. From this review HDR will have an understanding of potential rate structure alternatives that may be explored as a part of this task.

Critical to this task is providing the cost-basis for each rate design; both the monthly fixed meter charge and the consumption charge. As noted in the previous task, Proposition 218 requires a proportional basis for the rates for each customer class of service and each rate component as outlined in the cost of service. To reflect this, HDR will provide revenue proof and cost of service average unit costs to support alternative rate designs and the City's final proposed rates.

The City has requested the development of a "baseline" scenario for rates. HDR interprets that to imply cost-based rate designs using the existing rate structure (i.e., fixed charges and consumption charges) for each class of service. This task will provide up to two alternative water rate structures for each of the City's customer classes of service. For each rate alternative developed, a bill comparison and graph will be provided that shows a comparison between the present bill and the proposed bill at various levels of usage. Bill comparisons are useful in assessing the potential impacts to a wide variety of customers. The City has also requested a comparative rate analysis to at least 10 other



comparable communities in the Northern San Joaquin Valley.

The City also has and employs drought surcharges in certain circumstances. These surcharges apply to the various drought stages of the City. HDR originally developed these surcharges and understands their cost-basis and the appropriate method to update them. As a part of the Study, HDR will update the City's drought surcharges, private hydrant fees, and hydrant rental fees.

Activities for Task 7:

- A "baseline" scenario set of rates and up to two water rate structure alternatives for each customer class of service (i.e., single-family, multi-family, others)
- Update of the City's drought surcharges
- Development of bill comparisons for each of the rate structure alternatives developed and regional bill comparisons

Expected City Support for Task 7:

- Discuss with HDR the City's rate design goals and objectives
- Assist, as necessary, in the development of the water rate structure alternatives, bill comparisons and neighboring comparative rate analysis
- Attend a two-hour project meeting to review and discuss the water rate structure alternatives

Results/Deliverables from Task 7:

- Comparison of the preferred rate structure and customer bills with up to ten other local water utilities
- Recommendations provided in the written report
- A two-hour project meeting at the City's offices to review and discuss the water rate structure alternatives attended by up to two HDR staff

Task 8: Miscellaneous Fee

The City requested assistance with developing a Standard Operating Procedure (SOP) for developing the miscellaneous fee structure for the water utility. HDR will review the approaches with the City and determine the appropriate approach and review the cost associated with each fee. The miscellaneous fee

analysis will review the fees that the City currently has in place and recommend a level of fee designed to recover costs related to specific services or customer requests. For most miscellaneous fees, the customers who utilize these special or miscellaneous services should pay the costs incurred by the City in providing those services. Ultimately, miscellaneous fees charged for special services are a reasonable way to limit costs to the City for the majority of customers, while allocating costs to customers who are directly benefiting. The typical process for determining cost-based miscellaneous fees is to establish, on average, the cost of the following items in providing a special service: labor and benefits, equipment and materials, inventory management, overhead costs, administrative or billing costs, and other relevant costs. HDR will work with the City to identify the appropriate components to include and then transition to developing the unit cost for each miscellaneous fee.

Activities for Task 8:

- Develop a standard operating procedure to establish water division fees
- Review the fee schedule to determine the approach for each fee

Expected City Support for Task 8:

- Provide the data and information necessary to develop the proposed water division fees
- Participate in a two-hour virtual meeting to review the approach and SOP for the water division fees

Results/Deliverables from Task 8:

- An SOP for updating the water division fees
- Electronic (Excel-based) model to support the water division fee calculations
- A two-hour virtual project meeting to discuss the water division fees and SOP

Task 9: Study Documentation

At the conclusion of the analysis, HDR will develop a draft written report. The report is intended to summarize the activities undertaken as a part of this project, along with our findings, conclusions, and recommendations. The report will provide a discussion of the methodology used to develop the recommended rates. Similar to our prior water

rate study for the City, HDR will include within the written report a technical appendix of the analyses undertaken by HDR. This provides a clear administrative record documenting the study and the analyses undertaken to establish the cost-basis for the proposed water rates.

HDR will provide an electronic copy of the draft report to the City for its review and comment. Comments, suggestions, or corrections from the City concerning the draft report will be incorporated into the final report. HDR will provide five bound copies of the final report and an electronic version in a PDF file format.

At the completion of the Study, HDR will provide the City with an easy-to-use, Excel-based electronic rate model that was developed to support the proposed rates.

Expected City Support for Task 9:

- Review and comment on the draft final written report

Results/Deliverables from Task 9:

- Electronic copy of the draft final written report
- Five bound copies of the final written report and a PDF of the report
- Electronic rate model at the completion of the Study

Task 10: Public Meetings/ Presentations

During the course of the Study, HDR will meet with the Water Advisory Group (two times), Council Water Committee (two times), and the City Council (two times) to discuss the findings, conclusions, and recommendations of the Study. HDR will provide clear and concise presentations, which will allow for input and feedback from these advisory and governing bodies.

HDR will work with the City to develop these public meetings/presentations. HDR will be responsible for developing presentation materials. The City will be responsible for coordinating and setting up the public meetings/presentations. Meetings requested beyond those noted above will be provided by HDR on a time and material basis.

Expected City Support for Task 10:

- Coordinate and set up the public meetings/presentations
- Review and comment on proposed presentation materials
- Attend internal project meetings and public meeting/presentations

Results/Deliverables from Task 10:

- Attend up to two Water Advisory Group, up to two Council Water Committee, and up to two City Council public meetings and presentations
- Prepare handout materials related to the rate study

Task 11: Proposition 218 Assistance

HDR will assist the City in the development of the Proposition 218 customer notices required as a part of the Proposition 218 process. HDR will assist the City in the development of the rate notification required to be sent to customers no later than 45 days prior to the public hearing date. HDR will provide input and recommendations on the customer notification and provide information related to the rate study and proposed rates. Similar to our role in the City's recent rate studies, the City will be responsible for the coordination and mailing of notices to affected property owners, along with the content in the final published notification.

Expected City Support for Task 11:

- Provide information necessary to develop the customer rate notification
- Print and mail the customer rate notification

Results/Deliverables from Task 11:

- Assist the City in the development of the customer rate notification including graphic design work

Task 12: Public Outreach

HDR designs meaningful, focused, and equitable stakeholder and community engagement with the integration of traditional, social media, and online meeting tools to expand coverage and engage under-served populations in the process. Our tiered approach to engaging diverse partners, agency, and public stakeholders allows us to test our information

and messaging, learn concerns, and adjust at each level before we get to the public to minimize political and social risk to the project. Building trust and cultivating meaningful relationships with the communities empowers perspectives of the communities affected by project decisions.

Public Outreach Meetings

HDR, in collaboration with the City, will host up to two in-person public meetings and one virtual meeting to build awareness and garner feedback from the general public about the rate study. HDR recommends hosting one in-person meeting in the northern part of the City and the other in the Southern part of the City. The virtual meeting will be hosted after the in-person meetings. The meetings will be hosted in the evening for the larger general public and include possible display boards, a presentation, and facilitated question and answer session. The public will be able to talk one-on-one with team members, review information, and provide input via comment card submittal or verbally through the question and answer session. The meetings will occur at critical milestones in the rate study process. HDR will assist with logistics related to the public outreach meetings.

Educational and Marketing Materials

Development of creative and concise informational materials will be critical to the effective education of the public about the rate study process and results. Materials include approved key messages and high-level graphics for a consistent and effective communication. Materials will be posted on the website, distributed electronically via e-blasts, social media as well as mailed or passed out at meetings.

The City is responsible for translating materials into other languages. If materials need to be translated in other languages, HDR can assist as appropriate, to review materials that are culturally sensitive and appropriate for our target population in the project areas. Consistent communications with project partners, stakeholders, and the public through email updates, public workshops, and council briefings are critical to share the project's progress and maintain project support.

TOOL	OBJECTIVE
Fact Sheet (1)	Visually provides an overview of the rate study process, benefits, and timeline
FAQ Document (1)	Answers to frequently asked questions
Social Media Posts (3)	Using the City's existing social media accounts for use to promote in-person public outreach meeting and public hearing
Press Release (2)	Press release announcing public meetings and a second for the public hearing
PowerPoint Presentations (3)	For use at the in-person public outreach meetings
Display Boards (up to 12)	For use during the in-person public outreach meetings

Educational Video

Research shows that video simplifies complex concepts by leveraging the brain's ability to process visuals faster and retain information better than text. HDR will collaborate with the City on the development of a 3- to 5-minute video explaining the City's Water Rate Study for public viewing. This video will be a critical piece of the education campaign necessary to engage with the public. It will be hosted on the City's website and social media channels.

Website Content

HDR will work closely with the City's webmaster to create a rate study webpage housed on the City's website. The webpage will be updated regularly throughout the study and act as the main resource for information. Updates will occur at key milestones in the process and include an overview of the rate study process, alternatives, meeting notices,

schedule updates, collateral materials, comment form and contact information. HDR will provide the key information and graphics to the City webmaster for upload to the site.

Interactive Online Open House (Optional Task for Consideration)

In addition to the public outreach meetings outlined above, HDR recommends development of an interactive and accessible online open house. In an effort to reach a broader audience, HDR will conduct the in-person public outreach meeting and create an Interactive Online Open House. The online meeting will house the same information; however, it offers the public a more convenient alternative to the traditional, one-time opportunity of attending the evening meeting. This online environment will be available for attendance 24/7 for up to four weeks and will allow the participants to view the information and provide input from the convenience of their personal mobile device or computer. Information will be displayed on the online meetings using such methods as video, online comment cards, voiceover, and presentations.

Expected City Support for Task 12:

- Secure public outreach meeting facilities, provide interpreters
- Provide staff at up to three public outreach meetings
- Host project specific webpage and video on website and YouTube channel

Results/Deliverables from Task 12:

- Up to 5-minute video explaining Water Rate Study for public viewing
- Three public outreach meetings (2-hours in length) and summary reports; two in person and one virtual
- Development and summary of frequently asked questions
- Promotional materials and presentation as outlined
- Up to 6 webpage content updates
- Optional interactive online open house

Task 13: Ongoing Rate Study Support

In the RFP, the City is requesting up to 30 hours of additional as-needed support per year following the water rate study. In our experience, these efforts have been used to run scenarios requested by the City, answer technical questions that may come up, and work towards updating the Study to a certain degree during the years between comprehensive rate studies.

Expected City Support for Task 13:

- Request from and provide direction for as-needed technical and professional services

Results/Deliverables from Task 13:

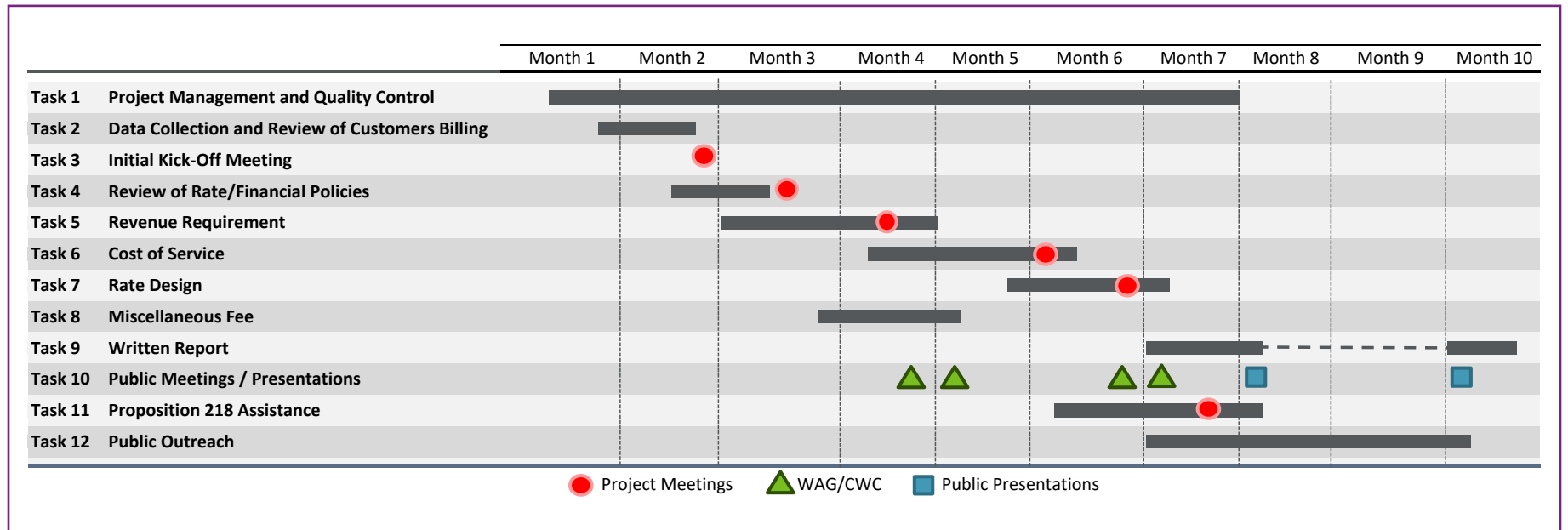
- Provide assistance, as needed, to the City regarding to the Study for up to 30 hours per year, for up to five years

HDR is willing to expand upon and adjust our proposed scope of services to meet the specific needs of the City.

Project Schedule

A rate study of this complexity generally takes eight to ten months to complete. This is similar to the prior rate studies completed for the City by HDR. Proposed rates are being developed for FY 2026/27. Given this, the public hearing must be held no later than June 2026. This schedule provides ample time to complete the requested services, including billing data and customer class review, miscellaneous fees, and the rate study, assuming a summer 2025 start. Figure 2-3 shows a project time schedule based on our experience with the City.

FIGURE 2-3: Proposed Schedule



Appendix A

Resumes

Shawn Koorn

Project Manager/Public Presentations



EDUCATION

Bachelor of Business
Administration, Central
Washington University

Bachelor of Science. Economics,
Central Washington University

INDUSTRY TENURE

24

FIRM TENURE

22

Shawn is an Associate Vice President with HDR. He provides financial planning, cost-benefit analysis, and economic review towards development of rate and cost of service studies for water, sewer, stormwater, electric, natural gas, and solid waste utilities. He communicates this information in a clear and concise manner.

Shawn's experience involves all analytical aspects of the utility financial planning and rate setting process. These include the development of revenue requirements, cost of service, and rate design studies for clients. Shawn is highly capable and understands the finer technical issues involved with each project, as well as the broader economic issues that today's public utilities are facing.

Shawn also has extensive experience with capacity fees. He developed the fees for the City of Spokane (WA), City of Stockton, City of Coeur d'Alene (ID), and the Northwest Arkansas Conservation Authority. He has very strong experience and knowledge of "generally accepted" capacity fee methodologies.

Shawn has been involved in some unique and challenging projects. Recently, Shawn completed a water rate study for Dublin San Ramon Services District. As a part of the study, the District was attempting to address the issue of revenue stability and the need for fixed charges which remain in compliance with best management practices regarding conservation-oriented rates. Shawn also assisted a California wastewater utility in evaluating volumetric wastewater rates for residential customers. He has been a project manager for a number of studies and recently completed comprehensive rate studies for the City of Stockton water, sewer, and stormwater utilities. He is also the project manager for the Seattle Public Utilities wholesale rate review.

Shawn is a co-instructor for the AWWA Financial Management Seminar. This three-day seminar discusses the theories and methodologies used to establish cost-based rates and system development charges (capacity fees). Shawn has also presented numerous papers on financial planning and rate setting topics for utilities.

Shawn has a strong command of a number of spreadsheet, graphic, and presentation programs. He has created and developed a number of sophisticated, user-friendly spreadsheet models, which are passed along to clients for future use.

Dave Zuber, PG, PMP

Principal-in-Charge



EDUCATION

Master of Science, Geology,
Northern Arizona University,
Flagstaff, Arizona

Bachelor of Science, Geology,
College of William and Mary,
Williamsburg, Virginia

REGISTRATIONS

Professional Geologist, California
No. 5933

Project Management
Professional, No. 1460589

INDUSTRY TENURE

41

FIRM TENURE

3

Dave has 41 years of experience in project management, program management, and project and program quality implementation. His experience includes managing programs for Formerly Used Defense Sites (FUDS), Department of Energy (DOE), and Base Realignment and Closure (BRAC) sites in Northern California, as well as overseeing programs for state, municipal, and private clients.

Dave's program and quality management responsibilities have included serving as the single point-of-contact with client representatives, monitoring compliance with contract terms over multiple delivery orders, reviewing and negotiating proposals and cost estimates, and developing and implementing Quality Plans, including Quality Assurance Project Plans, overseeing the quality of deliverables, and tracking schedules and budgets.

Dave's program management experience has involved wastewater treatment plant upgrades, environmental compliance, planning and conservation, and environmental cleanup and restoration. Dave's program management responsibilities have included serving as the single point of contact with client representatives, monitoring compliance with contract terms over multiple delivery orders, assigning and coordinating staff, reviewing and negotiating proposals and cost estimates, overseeing the quality of deliverables, tracking schedules and budgets, overall problem solving and documenting results of project efforts.

Dave currently serves as project supervisor for the Sites Project Authority Project Integration. He reviews project controls deliverables, including development of business process workflows and board report drafts. He also participates in controls team staffing.

As principal-in-charge for the City of Oroville Brownfields Assessment, Dave reviewed the Phase I and Phase II ESAs and work plans to verify compliance with the Quality Assurance Project Plan.

Dave also served as principal-in-charge for the City of Roseville Energy Recovery project to evaluate cogeneration and fats, oil, and grease/food waste receiving alternatives to develop an economically favorable project that would beneficially use gas from the digester expansion project. He met with the project manager monthly to review project progress and financials and met with the client to assess team performance.

Josiah Close

Assistant Project Manager/Public Presentations



EDUCATION

Bachelor of Science, Finance,
Oregon State University

INDUSTRY TENURE

14 years

FIRM TENURE

12 years

Josiah, a financial analyst with HDR, specializes in the area of utility financial planning, cost of service, rate setting and system development charges. Josiah is highly experienced in developing complex financial planning and utility rate studies. He is very proficient in financial modeling and in the analysis of complex data sets and information.

Prior to joining HDR, Josiah worked as a fiscal analyst for the State of Washington in the Department of Social and Health Services. His experience with the State further developed his financial modeling skills and placed a high level of importance on attention to detail and accuracy. His work with the State enhanced his Excel™ spreadsheet skills and he is a highly skilled Excel™ modeler and user.

Since joining HDR, Josiah has been responsible for developing and updating a variety of spreadsheet analyses to support revenue requirement, cost of service and rate design studies. Among the complex studies that Josiah is working on include a comprehensive water rate study which contains a wholesale water rate component. This comprehensive study includes the development of revenue requirements, cost of service and rate design.

Currently, he is working with a California utility on the evaluation of volumetric sewer rates. In performing this evaluation, he is working with different databases of information and developing usage patterns and characteristics for different types of residential and multi-family customers. He recently provided a similar study in which the drought in California had impacted the water consumption and wastewater flow estimates. He worked with precipitation and water consumption data to determine a reasonable estimate of wastewater flows.

Since joining HDR, Josiah has gained experience in working with water, wastewater, and solid waste utilities. He has worked with and reviewed budget and asset record documents to support the technical analyses he has been conducting.

Kevin Lorentzen

QA/QC



EDUCATION

Bachelor of Science, Business,
Finance, University of Idaho

INDUSTRY TENURE

19 years

FIRM TENURE

14 years

Kevin has more than 11 years of experience in municipal finance for local government and as a consultant to small and large municipalities. He specializes in the areas of financial planning and rates for utilities.

As senior project manager and financial analyst for HDR, Kevin has extensive experience in cost of service studies, rate design, capital and financial planning, funding, and policy analysis. Throughout his career, he has provided several presentations in an organized and effective style to colleagues, key decision makers, and elected officials. His broad knowledge and experience allow him to provide quality, comprehensive services to utilities.

While at the City of Bellevue, Kevin was the Fiscal Long-Range Planning Administrator responsible for the overall fiscal health of the City. His responsibilities included forecasting a diverse revenue stream over \$200 million, providing technical support for ratings agency presentation resulting in the reaffirmation of AAA bond rating, economic analysis support for the planning department for master planning purposes, worked with city departments including Utilities providing general guidance in economics and forecasting.

Kevin has taught classes at both Government Finance Officers Association (GFOA) and Washington Finance Officers Association (WFOA). In 2015, Kevin co-taught the two-day GFOA Forecasting course and a financial modeling course at WFOA.

Kevin has been developing complex financial, rate and cost benefit analysis models for a number of clients. Some clients include large regional water utilities in Canada, the City of Bellevue, Jordan Valley Water Conservation District, and the City of Norfolk, VA. For these utilities, and numerous smaller utilities, Kevin has developed easy-to-use spreadsheet models that he has trained clients to use.

Kevin's experience also includes system valuations, bond feasibility studies and detailed cost benefits studies for engineering, system development charge (SDC) analysis, and planning studies.

Tom Hoffman, PE

Engineering



EDUCATION

Master of Science, Civil
Engineering, Marquette
University

Bachelor of Science, Civil
Engineering, Villanova University

REGISTRATIONS

Professional Civil Engineer,
California, No. 88490

INDUSTRY TENURE

9

FIRM TENURE

9

Tom has more than nine years of experience in providing engineering and design services for public works projects and water and wastewater pipeline design and condition assessment. He has worked on more than 30 pipeline and pump station projects throughout Northern California. Tom is also experienced in providing plans, specifications, and cost estimates, as well as engineering services during construction.

For the City, Tom provided design and engineering services during construction of improvements to the Delta Water Supply Project intake pumping station structure to repair/replace existing structures, drainage infrastructure, pipelines, and electrical components affected by levee settlement. Tom also provided staff augmentation support for the City.

Tom's additional work in the area included the Brine Concentrator System Replacement at Deuel Vocational Institution for the California Department of Corrections and Rehabilitation. For this project, Tom provided process, electrical, instrumentation, control, and mechanical design services for a new vibratory shear enhanced processing system capable of concentrating the brine waste from the Deuel Vocational Institution's reverse osmosis water treatment plant.

Tom has extensive wastewater engineering experience. He provided engineering services during construction of \$43 million in upgrades at the Pinole/Hercules Water Pollution Control Plant. Tom also provided engineering support for the replacement of the existing gaseous chlorine and gaseous sulfur dioxide facilities with a \$15 million new liquid sodium hypochlorite and liquid sodium bisulfite chemical storage and feed system at the 185 mgd Sacramento Regional Wastewater Treatment Plant for Regional San.

Tom assisted with condition assessment and conceptual design for filter rehabilitation improvements at the 167 mgd San José-Santa Clara Regional Wastewater Facility, as well as a condition assessment of the South Lake Tahoe Public Utility District's 7.5 mgd wastewater treatment plant. He also provided engineering support for primary treatment renovation improvements for the City of Sunnyvale 14 mgd water pollution control plant.



Elizabeth Drayer, PE

Staff Title: Vice President

Office Location: Pleasanton, CA

Years of Experience: 37

Years with West Yost: 25

Professional Registrations

- Professional Civil Engineer, California No. 46872

Education

- MS, Structural Engineering, University of California, Berkeley
- BS, Civil Engineering, University of California, Berkeley

Certifications

- Underground Storage Tank Installation
- UC Davis Extension, 32-hour Course, Groundwater Hydrology
- UC Davis Extension, 32-hour Course, Principles of Toxicology

Professional Affiliations

- American Society of Civil Engineers
- American Water Works Association
- Association of California Water Agencies
- WaterReuse Association

Elizabeth's expertise is in water resources engineering and multi-disciplinary project teams. She has experience leading water resources planning studies and design projects and specializes in water supply and infrastructure master planning. She has prepared more than 24 water and utility master plans, more than 20 water supply assessments, and more than 50 urban water management plans. She has also prepared many other studies and plans for clients including groundwater studies, drought response and water shortage contingency plans, facility operations plans, and emergency operations plans involving the evaluation of existing facilities, evaluation of existing and future water demands, identification of system deficiencies and needs, evaluation of water supply alternatives, and development of recommendations for capital improvements. She has prepared preliminary and detailed designs for water supply facilities such as pipelines, pump stations, reservoirs, and canals. Elizabeth is a West Yost Vice President and currently serves as West Yost's Chief Engineer-Scientist, overseeing the firm's Technical Resources Program.

EXPERIENCE

Water Master Plan, City of Stockton, CA: Project Manager for an update to the Water Master Plan that evaluated water system infrastructure needs and recommended an updated capital improvement plan that supports buildout of the recently-updated Envision Stockton 2040 General Plan. Project tasks included confirmation of goals, strategies, and priorities for the City's water system; update and calibration of the City's water system hydraulic model; evaluation of recent water use trends and development of future water use projections based on planned development; hydraulic analysis of the City's water system to identify needed water system improvements; and development of a prioritized capital improvement program to implement recommendations. The updated capital improvement program provided the basis for the City's subsequent water rate study. West Yost provided training for City staff on the update and use of the hydraulic model, and is providing on-going technical support for model updates and hydraulic analysis of proposed development projects.

2020 Urban Water Management Plan, City of Stockton, CA: Project Manager for the preparation of the 2020 Urban Water Management Plan (UWMP). Project tasks include review of the City's water demands and water supplies for the last five years, projection of future water demands and water supplies through 2045, a report on the City's compliance with its SB X7-7 per capita water use target for 2020, consideration of the impacts of Senate Bill 606 and Assembly Bill 1668 on the City's future water demands, an update of the City's on-going and planned water demand measures, and an update of the City's water shortage contingency plan. West Yost assisted City staff during the public hearing and City Council adoption of the 2020 UWMP and uploaded the final plan to the Department of Water Resources Water Use Efficiency data portal.

Water System 30-Year Capital Improvement Master Plan, City of Napa, CA: Project Manager for the development of the City's Water System Master Plan to develop a prioritized plan for the implementation of water system improvements to reliably serve existing and future needs. The objectives of the City's WMP are to: define and prioritize needed improvements to the City water system, and their associated costs, over the next thirty years, identify operating, maintenance, and staffing costs over the same thirty-year

Elizabeth Drayer, PE

WEST YOST

period; develop a long-term financial plan based on these costs; develop water rates necessary to cover the costs of providing water service; and prepare a program-level Environmental Impact Report (EIR) for the WMP. This effort will define what is required to ensure consistent investment in the aging infrastructure thereby containing emergency response needs and associated operating costs, while maintaining infrastructure reliability.

Sustainable Water Supply Master Plan, City of Santa Clara, CA: Project Manager for the development of a Water Supply Master Plan for the City of Santa Clara. The objective of this Water Supply Master Plan is to provide an innovative and sustainable plan that addresses drought and climate resiliency for the City through assessing existing water infrastructure and planned growth. Tasks include development of demand projections accounting for proposed new developments and General Plan buildout, evaluation of water system facility capacity and performance under existing and future conditions to identify needed improvements, preparation of an asset management plan for the water system, identification of water supply strategies to meet future needs, and development of a prioritized capital improvement program.

Water System Master Plan and Capacity Reserve Fee Study, Dublin San Ramon Services District, Dublin, CA: Project Manager for the preparation of a Water System Master Plan and Capacity Reserve Fee Study for the District. Tasks included a review and update of the District's system performance criteria; development of potable and recycled water demand projections; update of hydraulic water system models for the potable and recycled water systems; hydraulic analysis of existing and future conditions including 2020, buildout (based on adopted general plans), and ultimate planning horizons; development of a prioritized capital improvement plan; and performance of a water system capacity reserve fee study.

Water Master Plan Connection Fee Analysis, Dublin San Ramon Services District, Dublin, CA: Project Engineer for the evaluation of connection fees for the recommended capital improvement program for the District's recommended potable water and recycled water facilities. The evaluation included a facility cost allocation to District service areas, based on the areas deriving benefit from each of the recommended facilities which included new transmission pipelines, pump stations and reservoirs, to assess service area-specific connection fees.

Collection System Master Plan, Dublin San Ramon Services District, Dublin, CA: Principal-In-Charge for the update of the District's collection system master plan which will guide the District's remaining collection system capital improvement projects and establish appropriate connection fees to fund them while recognizing the District's strategic goal of maintaining competitive service rates. The master plan evaluated and developed solutions and policies for the long-term management of the collection system, including Inflow and Infiltration (I/I) management and Private Sewer Lateral (PSL) policies.

Citywide Water System Master Plan Update, City of Tracy, CA: Project Manager for the development of a Citywide Water System Master Plan for the City of Tracy to provide an evaluation of the required backbone potable and recycled water system facilities required to serve buildout of the City's General Plan. Tasks included developing proposed policies for future water use and water conservation programs; preparing a water supply plan to meet the City's projected water demands through buildout of the General Plan utilizing the City's existing water supplies (including surface water supplies purchased from the Bureau of Reclamation, treated surface water purchased from the South San Joaquin Irrigation District's South County Surface Water Supply Project, and local groundwater) and proposed future water supplies; evaluating water supply costs and developing a recommended development impact fees for water supply and water treatment; and working with the City's EIR consultant to document the potential environmental impacts of the recommended Master Plan facilities.

Water and Sewer Connection Fee Update, City of Livermore, CA: Project Manager for the update of the City's water and sewer connection fees based on the recently updated Water and Sewer Master Plans (prepared by West Yost) and the City's current planned capital improvement projects. Work included determination of appropriate cost allocation to existing and future customers in accordance with applicable laws, calculation of remaining available equivalent dwelling units for the City's water and sewer system, and calculation of updated water and sewer fees for the City's adoption.

Downtown and El Camino Real Specific Plan Technical Report, City of Millbrae, CA: QC Reviewer for a study evaluating impacts of intensification of land uses in the Millbrae downtown area on water, sewer and storm utilities. Results of the study will be used to develop impact fees for new development. The project included evaluating proposed land use intensification to estimate water demands and sewer flows, evaluating changes to impervious areas that impact stormwater runoff, using hydraulic models to assess impacts of new development and identify infrastructure required, and developing capital cost estimates for new infrastructure required.



Bobby Vera, PE

Staff Title: Principal Engineer I

Office Location: Sacramento, CA

Years of Experience: 13

Years with West Yost: 12

Professional Registrations

- Professional Civil Engineer, California No. 83500; Oregon No. 95681PE
- Grade II Water Distribution System Operator, California No. 48180

Education

- MS, Engineering Science, Civil & Water Resource Engineering, University of the Pacific, Stockton, California
- BS (cum laude), Civil Engineering, University of the Pacific, Stockton, California
- Water Education Foundation Water Leader, Class of 2017

Professional Affiliations

- American Society of Civil Engineers
- American Water Works Association
- Sacramento Area Water Works Association

Bobby Vera is a civil engineer specializing in water resources, water supply and facilities planning, and wastewater collection system master planning. He is proficient in a variety of hydraulic modeling (pressure and gravity systems) and Geographical Information System (GIS) software. Bobby also has experience in water facilities design of groundwater wells, storage and pumping stations, hydraulic transient analyses, and sizing and design of surge mitigation devices (hydropneumatic tanks, air-vacuum valves, etc.). Bobby primarily supports clients throughout California and Oregon.

EXPERIENCE

Water Master Plan, City of Stockton, CA: Project Engineer and technical lead responsible for updating the City's Water System Master Plan in a fast tracked, 8-month schedule. Tasks included hydraulic model, updating performance criteria, and performing system hydraulic evaluations. The hydraulic model was updated through a thorough review of City's latest GIS and available as-built drawings. Performed hydraulic model calibration (using steady state hydrant test simulations) and verification (using extended period simulations and comparing to City's SCADA and data collected by hydrant pressure recorders) of the newly updated hydraulic model. Performed existing and buildout water system hydraulic evaluations using the newly updated, calibrated and verified hydraulic model. Results from the existing and buildout water system evaluations will be used to develop a comprehensive capital improvement program.

Comprehensive Planning Study, California American Water – Monterey District: Deputy Project Manager and Technical lead of the preparation of the updated Comprehensive Planning Study (CPS). The last CPS for the Monterey District was prepared in 2019, and since the Monterey District has experienced several changes to the demand estimates and future supplies. The Updated CPS included updating demand and supply projections, updating and calibrating the hydraulic models for the area, and performing system evaluations to developed recommended capital improvement projects. A key facet to the CPS was updating and calibrating the District's hydraulic models so that they accurately represent the existing system. The Monterey District has approximately 80 pressure zones, with nearly 100 tanks and 100 booster pump stations.

Water Master Plan Update, City of Ceres, CA: Project manager for the update of the City's Water Master Plan. Tasks include developing updated existing and future water demand projections, development of updated water use factors, updated water system operational and design criteria, performing hydraulic evaluations, and preparing a comprehensive capital improvement plan. Water use factors and future demand projects were updated since there has been an increase in residential development recently, and water use trends are notably different than the trends observed as part of the last Water Master Plan. The City's hydraulic model was updated, using the most recent GIS information, pump efficiency testing, as-built drawings, and input from City staff. The hydraulic model was then calibrated using an extended period simulation approach, and comparing model predicted results to SCADA and field recorded pressure data. The updated model was used as the basis for the existing and future system evaluations, which resulted in a comprehensive capital improvement plan.

Bobby Vera, PE

WEST YOST

Groundwater Valuation Study, City of Sacramento, CA: Project engineer and primary technical lead for the groundwater valuation study. This study was the basis for establishing connection fees for future customers and tasks involved assessing the age and condition of existing wells, estimating existing dollar value of groundwater well assets, establishing the typical cost to develop a new well, and recommending an annual budget be able to maintain existing and future groundwater well assets.

Water Master Plan, City of Sacramento, CA: Project Engineer and technical lead responsible for updating the City's Water System Master Plan. Tasks included updating and calibrating the City's hydraulic model, performing system hydraulic evaluations, operational evaluations focused on improving storage tank turnover, and development of an updated capital improvement program. The hydraulic model was updated through a thorough review of City's latest GIS and available as-built drawings. The hydraulic model calibration using extended period simulations and comparing to City's SCADA to predicted pressures from the newly updated hydraulic model. Performed existing and buildout water system hydraulic evaluations using the updated and calibrated and hydraulic model. Storage tank turnover evaluations involved determining the hydraulic tributary of storage tanks and evaluating how much storage needs to be maintained (seasonally) to meet tributary demands. Results from the storage operations and existing and buildout water system evaluations will be used to develop a comprehensive capital improvement program.

Water Master Plan Update, City of Vacaville, CA: Project Engineer and technical lead responsible for updating the City of Vacaville's Water Master Plan. The City's previous Water Master Plan was completed in 2018, and since then the City had embarked on a comprehensive update to its General Plan, thereby refining growth estimates, and had experienced a continued decline in water use patterns. The Master Plan built on the focused hydraulic model update (also completed by West Yost) and included a compressive update to water demand projections, revisions to the City's water supply plan, and evaluated capital improvements needed under existing and future demand projections. Identified improvements were used as the basis for the City's comprehensive capital improvement program.

2020 Engineers Report, City of Modesto, CA: Project Manager and Engineer in charge of preparing and updated Engineer's Report for a new Water Rate and Connection Fee Update Study for the City of Modesto based on the 2017 Water Master Plan. The main elements of the report include updating current and buildout water demands; identifying and justifying capital improvements needed to maintain reliable water service; developing cost estimates and prioritizing improvements; and determining the proportional cost allocation between existing and future users. The report laid out improvements needed over a 10-year time horizon and is the basis for near-term capital improvements, further expanding on the City's Water Master Plan.

Groundwater Well Strategy Plan, City of Modesto, CA: Project Manager and Project Engineer for preparing a groundwater well strategy, which identifies which wells have the highest likelihood of failure and consequence of failure pairs to focus the City's capital improvement projects. The City has approximately 85 wells, and recently approximately 13 mgd of well production capacity has been abandoned due to well age and water quality concerns. System demands have also dropped, so the need to reestablish production capacity is not as urgent. This strategy was prepared to identify which active wells the City should perform focused assessments to reduce its overall risk. Tasks included: preparing consequence and likelihood of failure factors, preparing risk assessment tables and figures, workshops with city staff, preparing recommended rehabilitation action plans, and budget level cost estimates.

Water Master Plan, City of Modesto, CA: Project Engineer responsible for updating the City's hydraulic model, updating performance criteria, and performing system hydraulic evaluations. Updated the hydraulic model through a thorough review of City's latest GIS and available as-built drawings. Performed hydraulic model calibration (using steady state hydrant test simulations) and verification (using extended period simulations and comparing to City's SCADA and data collected by hydrant pressure recorders) of the newly updated hydraulic model. Performed existing and buildout water system hydraulic evaluations using the newly updated, calibrated and verified hydraulic model. Results from the existing and buildout water system evaluations will be used to develop a comprehensive capital improvement program.

Grayson and Westley Surface Water Supply Feasibility Evaluation, Modesto, CA: Project Manager for assessing the feasibility of developing surface water supplies for the Grayson, Westley, and surrounding disadvantaged communities. This study is built on the Grayson Water Infrastructure Project, which evaluated groundwater treatment and import of surface water from the City's contiguous area, and identified Infrastructure needs and associated capital costs for both options. Capital costs for both options were relatively high, therefore this a new surface water supply option was evaluated. The City was approached by a confidential party which was looking to sell a property which has an associated water right that the City could potentially develop. Tasks included reviewing available water rights documentation, assessing available monthly diversion rates, site visit and assessment and feasibility of developing the offered water right.

Sara Anderson

Rate Analysis



EDUCATION

Bachelor of Arts, Economics,
University of Washington

INDUSTRY TENURE

3 years

FIRM TENURE

3 years

Sara has more than three years of experience in financial planning and utility rate studies. Her water rate study projects in California include Tahoe City PUD, Olympic Valley Public Service District, and the cities of Stockton, Santa Maria, Santa Barbara, and Solvang.

For the City of Stockton, Sara was the rate analyst for the wastewater and stormwater cost of service rate study, rate models, and Proposition 218 services for the evaluation of rate impacts from future efforts, such as wastewater treatment alternatives, environmental compliance, and other legislative mandates imposed by regulatory agencies.

For the City of Columbus, Sara assisted with their Water and Wastewater User Rate Study. She worked on the Water Rate Study for the Launiupoko Water Company. She also provided technical and professional rate/fee assistance to the Sacramento Suburban Water District for their Update of Fees and Wholesale Rates project. Sara is currently working on a water and wastewater rate study update for the cities of Santa Barbara, Stockton, and St. Charles (MO), a water and wastewater system development charge (SDC) analysis with the City of Polson (MT), and a water rate study for the Launiupoko Irrigation Company (HI).

Jack Adams

Rate Analysis



EDUCATION

Bachelor of Arts, Business
Finance, Pacific Lutheran
University

Bachelor of Science, Economics,
Pacific Lutheran University

INDUSTRY TENURE

3 years

FIRM TENURE

3 years

Jack has more than three years of financial analysis experience. He has been developing rate and fee models for approximately one year, and has developed financial models for multiple utility rate and fee studies.

Jack's rate study projects in California include McKinney Water District, Santa Barbara County, and Los Angeles County Department of Public Works. He has also worked on national rate studies for Medford Water (OR), King County (WA), and Anchorage Water and Wastewater Utilities (AK)

Heleana Galvan

Public Outreach



EDUCATION

Bachelor of Arts, Organizational Communications, California State University, Stanislaus

INDUSTRY TENURE

25 years

FIRM TENURE

11 years

Heleana has more than 25 years of experience working for a variety of public agencies and the private sector. Her communications experience extends from transportation projects to water/ wastewater projects working within the early planning stages, through design and into construction.

Throughout her career, she has strategized, developed, and implemented many successful educational and outreach programs that involved a range of public relations, advertising, media relations, social media plus external and internal communications. She has extensive experience working within highly technical environments to bridge communications with the public, understand their issues, and work collaboratively to address concerns and solve problems ensuring projects stay on track.

Heleana provided public outreach support for the recent City's Stormwater Rate Study. She has also worked as a strategic communications manager for the Port of Stockton's On-Call Public Relations Support project. She was responsible for management of a wide variety of educational materials, such as the Port's annual reports, PowerPoint presentations, newspaper advertisements, award applications, interpretive signage, public boat tour narrations, website support as well as other printed and digital materials.

Julian Hernandez

Public Outreach



EDUCATION

Bachelor of Arts, Journalism and Mass Communication, Arizona State University

INDUSTRY TENURE

4 years

FIRM TENURE

1 years

Julian has four years of experience in public engagement bringing positive outcomes to public infrastructure projects. He has supported several clients on transportation projects in Northern California, with a focus on public engagement throughout the CEQA and NEPA process.

Julian is currently supporting the outreach and equity components of the City of West Sacramento's Enterprise Corridor and Bridge Crossing Project, the San Joaquin Regional Rail Commission's (SJRR) Stockton Diamond Grade Separation Project, and the Transportation Agency for Monterey County's (TAMC) Pajaro-Watsonville Multimodal Station Project. He has also supported light rail and roadway projects in the Phoenix metro area including the Valley Metro Northwest Extension Phase II Project, South Central Extension Project, and the Arizona Department of Transportation (ADOT) I-10 Broadway Curve Improvement Project.

Kim Floyd

PRINCIPAL

KIM FLOYD | KIM@FLOYDCOMMUNICATIONS.COM | (916) 838-2666



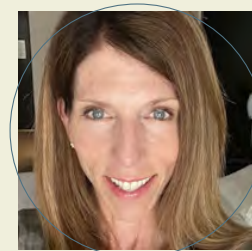
Principal Kim Floyd is a leading practitioner in meaningful public outreach for integrated flood management, water resources, and land use issues. She opened her practice in 2009 after recognizing a need within the public sector for affordable, effective approaches to public outreach. Over the past decade, Kim has developed unmatched expertise in public outreach programs for Proposition 218 processes for benefit assessments and utility rate adjustments. Many of her long-term clients, including San Joaquin County, the San Joaquin Area Flood Control Agency, and the Sutter Butte Flood Control Agency retained Kim for ongoing public outreach services following the success of her Proposition 218 outreach. She is as much valued for her strategic counsel as she is for her “no task is too small” commitment to getting the job done. She’s at her best when acting as an extension of her clients’ staff and is trusted by many to represent them at the local and state levels. And, Kim is respected by state and federal agencies as a trustworthy advisor on local-level issues.

PROFESSIONAL EXPERIENCE SUMMARY

From 2007 to 2009, Kim served as the client services manager for a Sacramento-based public outreach firm that specialized in water resources. In that role, she acted as principal and was responsible for overseeing project managers and outreach specialists, developing and implementing strategic communication programs, and marketing on behalf of the firm, among other duties. She also led the firm’s public opinion research group.

Earlier in her career, Kim served as the manager of government and corporate communications for one of the nation’s largest electric utility cooperatives. She was responsible for developing and managing a public outreach strategy to gain community support for the siting and construction of new energy generation facilities. She was also responsible for monitoring and negotiating local and state legislation, along with planning and land use policies and regulations. In that capacity, she successfully represented the utility’s interests in dealings with local municipalities and government agencies, elected officials, key stakeholders, and members of the public.

Kim also spent six years as a public information specialist in Alaska’s second-largest K-12 public school system, during which time she led four successful school bond campaigns and facilitated hundreds of public meetings on issues as diverse as school closures, budget cuts, boundary changes and privatization of district operations. She began her career at a Sacramento-based public relations firm where she worked on water resources projects. She is an honors graduate of University of the Pacific in Stockton, California, having earned a B.A. in Communications and Public Relations.



AREAS OF EXPERTISE

Grassroots Public Outreach

Strategic Communications

Public Affairs

Community Relations

EDUCATION

Bachelor of Arts,
 Communication and Public
 Relations,
University of the Pacific

Appendix B

Forms

8.0 PROPOSAL DOCUMENTS

2025 WATER RATE STUDY	
PUR 25-035	
SUBMITTAL DUE: THURSDAY, MAY 1 2025 AT 2:00 PM	
RFP Submittal Electronic Mail	city.clerk@stocktonca.gov
Proponent Business Name	HDR Engineering, Inc.
Proponent Contact Name	Shawn Koorn Associate Vice President
Proponent Address	2365 Iron Point Road #300, Folsom, CA 95630
Proponent Phone Number	425.633.4596
Proponent Email Address	Sawn.Koorn@hdrinc.com
Department of Industrial Relations ID Number (if applicable)	No. 1000018262

ATTACHMENT A

ATTACHMENT A – PROJECT SUBMITTAL CHECKLIST

THIS CHECKLIST IS PROVIDED FOR YOUR CONVENIENCE ONLY. IT IS NOT REQUIRED TO BE SUBMITTED WITH PROPOENT PROPOSAL.

x	1. Attachment A – Project Submittal Checklist
x	2. Cover Letter & Executive Summary <small>Executive Summary not required per section 5.0 of the RFP</small>
x	3. Full proposal as defined in this solicitation
x	4. Section 8 Form – Proposal Documents
x	5. Attachment B – Proponent's Covenant
x	6. Attachment C – Non-Collusion Affidavit - Sign and notarize by jurat certificate the “Non-Collusion Affidavit” form. An “All-Purpose Acknowledgment” form will not be sufficient.
x	7. Attachment D – Agency Reference List
x	8. Attachment E – Certification of Financial Condition
x	9. Attachment F – Cost / Price Proposal (Under separate cover)
x	10. Attachment G – Subcontractor List
x	11. Attachment H - Exceptions
x	12. All Amendment Acknowledgements. Print and sign all clarifications/questions/answers on the City's website at www.stocktonca.gov/mudbid and submit with proposal response
x	Submit one (1) electronic version of the proposal and (1) Attachment F – Cost/Price Proposal to: city.clerk@stocktonca.gov

ATTACHMENT B- PROPONENT'S COVENANT

In submitting this proposal, as herein described, the Proponent agrees that:

1. They have carefully examined the Scope of Work and all other provisions of this document and understand the meaning, intent, and requirements of same.
2. They will enter into contract negotiations and furnish the services specified.
3. They have signed and notarized the attached Non-Collusion Affidavit form, whether individual, corporate or partnership. Must be 'A Jurat' notarization.
4. They have reviewed and signed all clarifications/questions/answers on the City's website at www.stocktonca.gov/mudbid.
5. Confidentiality: Successful Proponent hereby acknowledges that information provided by the City is personal and confidential and shall not be used for any purpose other than the original intent outlined in the Request for Proposal. Breach of confidentiality shall be just cause for immediate termination of contract agreement.

HDR Engineering, Inc.

FIRM

2365 Iron Point Road #300, Folsom, CA 95630

ADDRESS



Holly L.L. Kennedy 04-30-25

SIGNED BY & DATE

Senior Vice President

TITLE OR AGENCY

925.465.2717 Fax: 916.817.4747

PHONE/FAX NUMBER

Holly.Kennedy@hdrinc.com

EMAIL

ATTACHMENT C - NON-COLLUSION AFFIDAVIT**AFFIDAVIT FOR INDIVIDUAL PROPONENT**

No. 1

STATE OF _____)ss.

County of _____)

(insert)

_____ being first duly sworn, deposes and says: That on behalf of any person not named herein; that said Proponent has not colluded, conspired, connived or agreed, directly or indirectly with, or induced or solicited any other bid or person, firm or corporation to put in a sham bid, or that such other person, firm or corporation shall or should refrain from bidding; and has not in any manner sought by collusion to secure to themselves any advantage over or against the City, or any person interested in said improvement, or over any other Proponent.

(Signature Individual Proponent)

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20____

by _____, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal _____

Signature _____

No. 2

AFFIDAVIT FOR CORPORATION PROPONENTSTATE OF California)ss.County of Sacramento)

(insert)

Holly Kennedy being first duly sworn, deposes and says: That they are the Senior Vice President of HDR Engineering a corporation, which corporation is the party making the foregoing bid, that such bid is genuine and not sham or collusive, or made in the interest or behalf of any person not named herein; that said Proponent has not colluded, conspired, connived or agreed, directly or indirectly with, or induced or solicited any other bid or person, firm or corporation to put in a sham bid, or that such other person, firm or corporation shall or should refrain from bidding; and has not in any manner sought by collusion to secure to themselves any advantage over or against the City, or any person interested in said improvement, or over any other Proponent.

(Signature Corporation Proponent)

Subscribed and sworn to (or affirmed) before me on this April 30 day of 2025 by Holly Kennedy, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal _____

Signature Stella Gardenour

GOVERNMENT CODE § 8202

ATTACHMENT D – AGENCY REFERENCE FORM


PUR 25-035

Supply Three (3) References of Government Agencies and/or Firms for whom Bidder has provided similar Services during the last three (3) years:

LIST OF REFERENCES

1. Agency or Firm Name:	City of Stockton		
Location of the Service:	Stockton, CA		
Contact Person and Title:	Dr. Mel Lytle, Municipal Utilities Director		
Telephone:	209.937.7425		
Email Address:	Mel.Lytle@stocktonca.gov		
Description of Service:	Water and Wastewater Rate Study		
Date(s) When Service Provided:	Recent study: ongoing (sewer - 2024)		
2. Agency or Firm Name:	City of Santa Barbara		
Location of the Service:	Santa Barbara, CA		
Contact Person and Title:	Mr. Joshua Haggmark, Water Resources Director		
Telephone:	805.564.5393		
Email Address:	jhaggmark@santabarbaraca.gov		
Description of Service:	Water and Sewer Rate and Fee Studies		
Date(s) When Service Provided:	Recent study: 2024		
3. Agency or Firm Name:	City of San Luis Obispo		
Location of the Service:	San Luis Obispo, CA		
Contact Person and Title:	Mr. Aaron Floyd, Utilities Director		
Telephone:	805.781.7237		
Email Address:	afloyd@slocity.org		
Description of Service:	Water and Sewer Rate Study		
Date(s) When Service Provided:	Recent studies: 2023 and ongoing		

Signature and acknowledgment by signing below, I certify that I am authorized by the company named above to respond to this request.

Company/Firm Name	HDR Engineering, Inc.		
Address	2365 Iron Point Road #300, Folsom, CA	Zip:	95630
Contact Name	Shawn Koorn, Associate Vice President & Holly Kennedy (Senior Vice President/Signatory)		
Email	Shawn.Koorn@hdrinc.com	Phone	425.633.4596
Fax	916.817.4747	Signature	

ATTACHMENT A

ATTACHMENT E – CERTIFICATION OF FINANCIAL CONDITIONSolicitation #: PUR 25-035Vendor Name: HDR Engineering, Inc.

The undersigned hereby certifies that: [check all applicable boxes]

☒ The Vendor is in sound financial condition and, if applicable, has received an unqualified audit opinion for the latest audit of its financial statements.

Date of latest audit: 02/21/2025 (If no audit within past 18 months, explain reason below.)

☒ The Vendor has no outstanding liabilities, including tax and judgment liens, to the Internal Revenue Service or any other government entity.

☒ The Vendor is current in all amounts due for payments of federal and state taxes and required employment-related contributions and withholdings.

☐ The Vendor is not the subject of any current litigation or findings of noncompliance under federal or state law. see note below

☒ The Vendor has not been the subject of any past or current litigation, findings in any past litigation, or findings of noncompliance under federal or state law that may impact in any way its ability to fulfill the requirements of this Contract.

☒ He or she is authorized to make the foregoing statements on behalf of the Vendor.

Note: This shall constitute a continuing certification and Vendor shall notify the Contract Lead within 30 days of any material change to any of the representations made herein.

If any one or more of the foregoing boxes is NOT checked, Vendor shall explain the reason(s) in the space below. Failure to include an explanation may result in Vendor being deemed non-responsive and its submission rejected in its entirety.

Signature:  _____Date: 5/1/2025Printed Name: Joseph R. CoxTitle: Assistant Treasurer

In today's legal environment, claims and litigation are a reality for any large company in the industry, regardless of performance or merit. When claims do occur, we are proactive and cooperative in reaching a resolution that is fair and reasonable to all. We value the confidences of our clients as well as our contractual commitments to confidentiality, and do not discuss with third parties the circumstances involving ongoing projects.

If necessary, we would be willing to meet in person with you to discuss the merits or background of past claims. There are no claims or litigation that could impede our ability to perform this project.

ATTACHMENT G - SUBCONTRACTOR LIST PUR 25-035

PLEASE LIST BELOW ALL SUBCONTRACTORS CONTRIBUTING TO THIS WORK

Each bidder shall give the name, business address, license number, description of the work, and the dollar amount to be PAID the subcontractor, for each subcontractor that will be used on the project, if the Bidder is awarded the contract. Only subcontractors with work in excess of one-half of one percent (0.5%) or \$10,000 (whichever is greater) of the Bidder's total bid need to be listed. All work in excess of one-half of one percent (0.5%) or \$10,000 (whichever is greater) of the Bidder's total bid, for which a subcontractor is not listed on this form, shall be performed by the Bidder's own organization. Additional numbered pages listing proposed subcontractors may be attached to this page. Each page shall be headed "Proposed Subcontractors" and shall be signed by the Bidder.

PRINT LEGIBLY OR TYPE

BUSINESS NAME/ADDRESS	CONTACT	PHONE NUMBER	LICENSE NUMBER & LICENSE CLASSIFICATION	TYPE OF WORK	AMOUNT
Kim Floyd Communications PO Box 1178 Galt, CA 95632	Kim Floyd	916.838.2666	n/a	public outreach	\$16,322
West Yost 1001 Galaxy Way #310 Concord, CA 94520	Elizabeth Drayer	925.461.793	n/a	engineering	\$8,005

ATTACHMENT H - EXCEPTIONS PUR 25-035

ATTACHMENT A

EXHIBIT C: GENERAL TERMS AND CONDITIONS

4. Sufficiency of Contractor's Work. All Contractor services, work, and deliverables shall be performed in a ~~good and workmanlike~~ **professional** manner with due diligence in accordance with the degree of skill normally exercised by similar contractors supplying services and work of a similar nature, and in conformance with applicable laws, codes and professional standards. Contractor's work shall be ~~adequate and sufficient to meet the purposes of this Agreement~~ **performed in accordance with the requirements.**

5. Ownership of Work. ... Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent. **Any modification or reuse of the materials by City for purposes other than those intended by this Agreement shall be at City's sole risk and without liability to Contractor.**

6. Timeliness. Time is of the essence in this Agreement. ~~Further, Contractor acknowledges that the failure of Contractor to comply with the time limits described in Exhibit A and Exhibit F may result in economic or other losses to the City.~~

11. Termination.

11.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party, **but only after providing the other party written notice of the default or breach and a reasonable opportunity to cure.**

13. Indemnity and Hold Harmless. To the fullest extent permitted by law, Contractor shall hold harmless, defend and indemnify City of Stockton and its officers, officials, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature **to the extent** arising out of or in connection with Contractor's **negligent** performance of work hereunder or its failure to comply with any of its obligations contained in this agreement, except such loss or damage which was caused by the sole negligence, **active negligence**, or willful misconduct of the City of Stockton...

26. Force Majeure. Neither party shall be responsible for delays or failures in performance resulting from acts of God, acts of civil or military authority, terrorism, fire, flood, strikes, war, epidemics, pandemics, **quarantine restrictions**, shortage of power or other acts or causes reasonably beyond the control of that party.

EXHIBIT D: PROFESSIONAL SERVICES SPECIAL TERMS AND CONDITIONS

3. Time for Performance.

3.2 Timeliness of Performance i) Contractor shall provide the Services, and Deliverables within the term and within the time limits required under this Agreement, pursuant to the provisions of Exhibit A and Exhibit F. ii) Neither Contractor nor Contractor's agents, employees nor subcontractors are entitled to any damages from the City, nor is any party entitled to be reimbursed by the City, for damages, charges or other losses or expenses incurred by Contractor by reason of delays or hindrances in the performance of the Services, whether or not caused by the City, **provided that the parties will negotiate an equitable adjustment to Contractor's schedule and/or fee for any delays caused by the City or events or conditions that were beyond Contractor's reasonable control.**

4. Standard of Performance.

4.2 ~~Contractor acknowledges that it is entrusted with or has access to valuable and confidential information and records of the City and with respect to that information, Contractor agrees to be held to the standard of care of a fiduciary.~~ Contractor shall assure that all services that require the exercise of professional skills or judgment are accomplished by professionals qualified and competent in the applicable discipline and appropriately licensed, if required by law. Contractor must provide copies of any such licenses. Contractor remains responsible for the professional and technical accuracy of all Services or Deliverables furnished, whether by Contractor or its subcontractors or others on its behalf. All Deliverables must be prepared in a form and content **satisfactory required by this Agreement** to the Using Agency and delivered in a timely manner consistent with the requirements of this Agreement.



2365 Iron Point Road, Suite 300
Folsom, CA 95630
916.817.4700

hdrinc.com

We practice increased use of sustainable materials
and reduction of material use.

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Exhibit B:
Insurance Requirements
(Professional Services)

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 the Consultant, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

- 1. Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
- 2. Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
- 3. Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
(Not required if consultant provides written verification it has no employees)
- 4. Professional Liability** (Errors and Omissions) Insurance appropriate to the Consultant's profession, with limit no less than **\$2,000,000** per occurrence or claim, **\$2,000,000** aggregate.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Stockton.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

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Additional Insured Status

The City of Stockton, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used). Additional insured Name of Organization shall read "City of Stockton, its officers, officials, employees, and volunteers." Policy shall cover City of Stockton, its officers, officials, employees, and volunteers for all locations work is done under this contract.

Primary Coverage

For any claims related to this contract, the **Contractor's insurance coverage shall be primary and non-contributory** and at least as broad as ISO CG 20 01 04 13 as respects the City of Stockton, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City of Stockton, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies. The City of Stockton does not accept endorsements limiting the Contractor's insurance coverage to the sole negligence of the Named Insured.

Umbrella or Excess Policy

The Contractor may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the Contractor's primary and excess liability policies are exhausted.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the City of Stockton.

Waiver of Subrogation

Contractor hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Contractor may acquire against the City of Stockton by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any

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endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Stockton has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the City of Stockton. The City of Stockton may require the Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City of Stockton. The CGL and any policies, including Excess liability policies, may not be subject to a self-insured retention (SIR) or deductible that exceeds \$25,000 unless approved in writing by City of Stockton. Any and all deductibles and SIRs shall be the sole responsibility of Contractor or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. City of Stockton may deduct from any amounts otherwise due Contractor to fund the SIR/deductible. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the Named. The policy must also provide that Defense costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR or deductible. City of Stockton reserves the right to obtain a copy of any policies and endorsements for verification.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City of Stockton.

Claims Made Policies (Professional & Pollution only)

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***
3. If coverage is canceled or non-renewed, and not replaced ***with another claims-made policy form with a Retroactive Date prior to*** the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of ***five (5)*** years after completion of work.

Verification of Coverage

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Contractor shall furnish the City of Stockton with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause **and a copy of the Declarations and Endorsements Pages of the CGL and any Excess policies listing all policy endorsements.** All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the City of Stockton before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Subcontractors

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City of Stockton is an additional insured on insurance required from subcontractors.

Duration of Coverage

CGL & Excess liability policies **for any construction related work, including, but not limited to, maintenance, service, or repair work**, shall continue coverage for a minimum of 5 years for Completed Operations liability coverage. Such Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***

Special Risks or Circumstances

City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Certificate Holder Address

The address for mailing certificates, endorsements and notices shall be:

City of Stockton
Its Officers, Officials, Employees, and Volunteers
400 E Main St, 3rd Floor – HR
Stockton, CA 95202

EXHIBIT C
GENERAL TERMS AND CONDITIONS

1. **Goods, Equipment and Services.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to City the services described in Exhibit A of the Agreement. Contractor shall provide said services at the time, place and in the manner specified in Exhibit A of the Agreement.

2. **City Assistance, Facilities, Equipment and Clerical Support.** Except as set forth in Exhibit A, Contractor shall, at its sole cost and expense, furnish and maintain all facilities and equipment that may be required for furnishing services pursuant to this Agreement. If applicable, City shall furnish to Contractor only the facilities and equipment listed in Exhibit A to the Agreement.

3. **Compensation.** City shall pay Contractor for services rendered pursuant to this Agreement as described more particularly in Exhibit A and Exhibit E to the Agreement.

3.1 Invoices submitted by Contractor to City must contain a brief description of work performed, time spent and City reference number. Within thirty (30) days of receipt of Contractor's invoice, City will review invoice, and if acceptable make payment on approved invoice.

3.2 Upon completion of work and acceptance by City, Contractor shall have sixty (60) days in which to submit final invoicing for payment. An extension may be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Contractor fails or neglects to submit within sixty (60) days, or any extension thereof granted by the City, after the work is accepted by the City.

4. **Sufficiency of Contractor's Work.** All Contractor services, work, and deliverables shall be performed in a professional manner with due diligence in accordance with the degree of skill normally exercised by similar contractors supplying services and work of a similar nature, and in conformance with applicable laws, codes and professional standards. Contractor's work shall be performed in accordance with the requirements.

5. **Ownership of Work.** All reports, work product, all other documents completed or partially completed by Contractor or its approved subcontractors, in performance of this Agreement, and if applicable, drawings, designs, and plan review comments shall become the property of the City. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Contractor and its approved subcontractors agree

to execute any additional documents that may be necessary to evidence such assignment. All materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any materials are lost, damaged or destroyed before final delivery to the City, the Contractor shall replace them at its own expense. Contractor and its approved subcontractors shall keep materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent. Any modification or reuse of the materials by City for purpose other than those intended by this Agreement shall be at City's sole risk and without liability to Contractor.

6. **Timeliness.** Time is of the essence in this Agreement.

7. **Changes.** Both parties to this Agreement understand that it may become desirable or necessary during the term of this Agreement for City to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with City and the change and cost shall be memorialized in a written amendment to the original contract prior to the performance of the additional work. Until the amendment is so executed, City will not be responsible to pay any charges Contractor may incur in performing such additional services, and Contractor shall not be required to perform any such additional services.

8. **Amendment.** No variation of the terms of this Agreement shall be valid unless an amendment is made in writing and signed by both parties.

9. **Contractor's Status.**

9. 1 In performing the obligations set forth in this Agreement, Contractor shall

have the status of an independent contractor and Contractor shall not be considered to be an employee of the City for any purpose. All persons working for or under the direction of Contractor are its agents and employees and are not agents or employees of City. Contractor by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of City. Except as expressly provided in Exhibit A, Contractor has no authority or responsibility to exercise any rights or power vested in the City. No agent, officer or employee of the City is to be considered an employee of the Contractor. It is understood by both Contractor and City that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

9.2 Contractor shall determine the method, details and means of performing the work and services to be provided by Contractor under this Agreement. Contractor shall be responsible to City only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to City's

control with respect to the physical action or activities of Contractor in fulfillment of this Agreement. Contractor has control over the manner and means of performing the services under this Agreement. If necessary, Contractor has the responsibility for employing other persons or firms to assist Contractor in fulfilling the terms and obligations under this Agreement.

9.3 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Contractor.

9.4 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's assigned personnel under the terms and conditions of this Agreement.

10. Subcontractor.

10.1 Subcontractors shall not be recognized as having any direct or contractual relationship with City. Contractor shall be responsible for the work of subcontractors, which shall be subject to the provisions of this Agreement. Subcontractors will be provided with a copy of the Agreement and be bound by its terms. Contractor is responsible to City for the acts and omissions of its subcontractors and persons directly or indirectly employed by them.

10.2 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages working conditions, discipline, hiring, and discharging or any other term of employment or requirement of law shall be determined by Contractor.

10.3 It is further understood and agreed that all Subcontractors must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Subcontractors personnel.

11. Termination.

11.1 Termination for Convenience of City. The City may terminate this Agreement at any time by mailing a notice in writing to Contractor. The Agreement shall then be deemed terminated, and no further work shall be performed by Contractor. If the Agreement is so terminated, the Contractor shall be paid for the work actually completed at the time the notice of termination is received.

11. 2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party, but only after providing the other party written notice of the default or breach and a reasonable opportunity to cure.

11.3 Funding- Non-Appropriation. It is mutually understood between the Parties that payment to the Contractor for performance shall be dependent upon the availability of appropriations by the City Council for the purposes of this Agreement. No legal liability on the part of the City for any payment may arise under this Agreement until funds are made available and until the Contractor has received funding availability, which will be confirmed in writing. If funding for any fiscal year is reduced or deleted, or if the City loses funding for any reason, the City, in its sole discretion, shall have the option to either (a) cause this Agreement to be canceled or terminated pursuant to applicable provisions of the Agreement; or (b) offer to amend the Agreement to reflect the reduced funding for this Agreement.

12. Non-Assignability. The Contractor shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, and then only upon such terms and conditions as City may set forth in writing. Contractor shall be solely responsible for reimbursing subcontractors.

13. Indemnity and Hold Harmless. To the fullest extent permitted by law, Contractor shall hold harmless, defend and indemnify City of Stockton and its officers, officials, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature to the extent arising out of or in connection with Contractor's negligent performance of work hereunder or its failure to comply with any of its obligations contained in this agreement, except such loss or damage which was caused by the sole negligence, active negligence, or willful misconduct of the City of Stockton. This obligation is independent of, and shall not in any way be limited by, the minimum insurance obligations contained in this agreement. These obligations shall survive the completion or termination of this agreement.

14. Insurance. During the term of this Agreement, Contractor shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached Exhibit B to this Agreement and shall otherwise comply with the other provisions of Exhibit B to this Agreement.

15. Notices. All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed in Exhibit A to this Agreement.

16. Conformance to Applicable Laws. Contractor shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Contractor shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color, national origin, ancestry, sex or religion of such person.

17. **Licenses, Certifications and Permits.** Prior to the City's execution of this Agreement and prior to the Contractor's engaging in any operation or activity set forth in this Agreement, Contractor shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Contractor covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement. Such licenses, certificates and permits shall be maintained in full force and effect during the term of this Agreement.

18. **Records and Audits.** Contractor shall maintain all records regarding this Agreement and the services performed for a period of three (3) years from the date that final payment is made. At any time during normal business hours, the records shall be made available to the City to inspect and audit. To the extent Contractor renders services on a time and materials basis, Contractor shall maintain complete and accurate accounting records, in a form prescribed by City or, if not prescribed by City, in accordance with generally accepted accounting principles, such records to include, but not be limited to, payroll records, attendance cards, time sheets, and job summaries.

19. **Confidentiality.** Contractor shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions.

20. **Conflicts of Interest.** Contractor covenants that other than this Agreement, Contractor has no financial interest with any official, employee or other representative of the City. Contractor and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Contractor's services under this Agreement. If such an interest arises, Contractor shall immediately notify the City.

21. **Waiver.** In the event either City or Contractor at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation. No payment, partial payment, acceptance, or partial acceptance by City shall operate as a waiver on the part of City of any of its rights under this Agreement.

22. **Governing Law.** California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the Federal District Court of California, Eastern District, Sacramento Division.

23. **No Personal Liability.** No official or employee of City shall be personally liable to Contractor in the event of any default or breach by the City or for any amount due Contractor.

24. Severability. If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or city statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

25. Non-Discrimination. During the performance of this Agreement, Contractor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state, or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, gender identity, gender expression, sex or sexual orientation, family and medical care leave, pregnancy leave, or disability leave. Contractor and its officers, employees, agents, representative or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the City's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12990 (et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulation or Code of Federal Regulations. Title VI of the Civil Rights Act of 1964 requires that "no person in the United States shall, on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." (42 USC Section 2000d). <http://www.dol.gov/oasam/regs/statutes/titlevi.htm>. The City requires compliance with the requirements of Title VI in all of its programs and activities regardless of funding source.

26. Force Majeure. Neither party shall be responsible for delays or failures in performance resulting from acts of God, acts of civil or military authority, terrorism, fire, flood, strikes, war, epidemics, pandemics, quarantine restrictions shortage of power or other acts or causes reasonably beyond the control of that party. The party experiencing the force majeure event agrees to give the other party notice promptly following the occurrence of a force majeure event, and to use diligent efforts to re-commence performance as promptly as commercially practicable.

27. Taxes and Charges. Contractor shall be responsible for payment of all taxes, fees, contributions or charges applicable to the conduct of the Contractor's business.

28. Cumulative Rights. Any specific right or remedy provided in this Agreement will not be exclusive but will be cumulative of all other rights and remedies to which may be legally entitled.

29. Advice of Attorney. Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

30. Heading Not Controlling. Headings used in this Agreement are for reference purposes only and shall not be considered in construing this Agreement.

31. Entire Agreement, Integration, and Modification.

31.1 This Agreement represents the entire integrated agreement between Contractor and the City; supersedes all prior negotiations, representations, or agreements, either written or oral between the parties and may be amended only by a written Amendment signed by the Contractor and City Manager.

31.2 All Exhibits to this Agreement and this Agreement are intended to be construed as a single document.

32. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

33. Authority. The individual(s) executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

EXHIBIT D**PROFESSIONAL SERVICES SPECIAL TERMS AND CONDITIONS**

1. Definitions. The following words and phrases have the following meanings for purposes of this Agreement:

1.1 "Services" means, collectively, the services, duties and responsibilities described in Exhibit A of this Agreement and any and all work necessary to complete them or carry them out fully and to the standard of performance required in this Agreement.

1.2 "Deliverable" means quantifiable goods or services that will be provided upon completion of a project. A deliverable is any tangible material, work or thing delivered by one party to the other, including associated technical documentation. A deliverable can be tangible or intangible parts of the development process, and often are specified functions or characteristics of the project.

2. General. The following terms and conditions are applicable for the Professional Services only. The special conditions shall be read in conjunction with the Standard Agreement, General Terms and Conditions ("GTC") Exhibit C, and all other Exhibits identified in the Standard Agreement.

2.1 Where any portion of the GTC is in conflict to or at variance with any provisions of the Special Conditions of the Agreement, then unless a different intention stated, the provision(s) of the Special Conditions of the Agreement shall be deemed to override the provision(s) of GTC only to the extent that such conflict or variations in the Special Conditions of the Agreement are not possible of being reconciled with the provisions of the GTC.

2.2 In the case of modification of a part or provision of the GTC, the unaltered part or provision, or both shall remain in effect. The Special Conditions shall relate to a particular project and be peculiar to that project but shall not weaken the character or intent of the GTC.

3. Time for Performance.

3.1 Contractor shall perform the services according to the schedule contained in Exhibit F.

3.2 Timeliness of Performance i) Contractor shall provide the Services, and Deliverables within the term and within the time limits required under this Agreement, pursuant to the provisions of Exhibit A and Exhibit F. ii) Neither Contractor nor Contractor's agents, employees nor subcontractors are entitled to any damages from the City, nor is any party entitled to be reimbursed by the City, for damages, charges or other

losses or expenses incurred by Contractor by reason of delays or hindrances in the performance of the Services, whether or not caused by the City, provided that the parties will negotiate an equitable adjustment to Contractor's scheduled and/or fee for any delays caused by the City or events or conditions that were beyond Contractor's reasonable control.

In addition to Exhibit C, Section 4 and 17, Contractor agrees as follows:

4. Standard of Performance

4.1 Contractor's Services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Contractor's profession currently practicing under similar conditions. Contractor shall comply with the profession's standard of performance, applicable laws, regulations, and industry standards. By delivery of completed work, Contractor certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. If Contractor is retained to perform services requiring a license, certification, registration or other similar requirement under California law, Contractor shall maintain that license, certification, registration or other similar requirement throughout the term of this Agreement.

4.2 In the course of performing its contractual obligations under this Agreement, Contractor acknowledges that it will receive, be entrusted with, or have access to valuable and confidential City information and records and will take all appropriate measures to ensure such information remains confidential except for disclosures which are required by law or with the prior written consent of the City. Contractor shall assure that all services that require the exercise of professional skills or judgment are accomplished by professionals qualified and competent in the applicable discipline and appropriately licensed, if required by law. Contractor must provide copies of any such licenses. Contractor remains responsible for the professional and technical accuracy of all Services or Deliverables furnished, whether by Contractor or its subcontractors or others on its behalf. All Deliverables must be prepared in a form and content required by this Agreement and delivered in a timely manner consistent with the requirements of this Agreement.

4.3 If Contractor fails to comply with the foregoing standards, Contractor must perform again, at its own expense, all Services required to be re-performed as a direct or indirect result of that failure. Any review, approval, acceptance or payment for any of the Services by the City does not relieve Contractor of its responsibility for the professional skill and care and technical accuracy of its Services and Deliverables. This provision in no way limits the City's rights against Contractor either under this Agreement, at law or in equity.

5. Compensation

5.1 In addition to Section 3 Compensation in Exhibit C – GTC, the Contractor shall be compensated for the services provided under this Agreement as follows:

5.1.1 Contractor shall be compensated for services rendered and accepted under this Agreement and shall be paid monthly, in arrears on a not to exceed

basis, based upon the rates set forth in Exhibit E attached hereto and made a part of this Agreement. Contractor may vary the compensation for each task in Exhibit E provided that the total project compensation listed in Exhibit E and the Standard Agreement is not exceeded.

6. Personnel

6.1 None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the City. Any work or services subcontracted hereunder shall be specified by written agreement and shall be subject to each provision of this Agreement. Contractor shall provide subcontractor a copy of this fully executed Agreement.

6.2 Contractor agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services under this Agreement. Failure to assign such competent personnel shall constitute grounds for termination of this Agreement. The payment made to Contractor pursuant to this Agreement shall be the full and complete compensation to which Contractor and Contractor's officers, employees, agents, and subcontractors are entitled for performance of any work under this Agreement. Neither Contractor nor Contractor's officers or employees are entitled to any salary or wages, or retirement, health, leave or other fringe benefits applicable to employees of the City. The City will not make any federal or state tax withholdings on behalf of Contractor. The City shall not be required to pay any workers' compensation insurance on behalf of Contractor. Contractor shall pay, when and as due, any and all taxes incurred as a result of Contractor's compensation hereunder, including estimated taxes, and shall provide City with proof of such payments upon request.

6.3 Key Personnel: Because of the special skills required to satisfy the requirements of this Agreement, Contractor shall not reassign or replace key personnel without the written consent of the City, which consent the City will not unreasonably withhold. "key personnel" means those job titles and the persons assigned to those positions in accordance with the provisions of this Agreement. The City may at any time in writing notify Contractor that the City will no longer accept performance of Services under this Agreement by one or more Key Personnel listed. Upon that notice Contractor shall immediately suspend the services of the key person or persons and must replace him or them in accordance with the terms of this Agreement. A list of key personnel is found in Exhibit A, Scope of Services.

7. Reports and Information

Contractor shall at such times and in such forms as the City may require furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters are covered by this Agreement as specified in Exhibit A and Exhibit E.

8. Findings Confidential

All of the reports, information, data, et cetera, prepared or assembled by the Contractor under this Agreement are confidential and the Contractor agrees that they shall not be made available to any individual or organization without the prior written approval of the City. Contractor shall not be required under the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is required by applicable law or by proper legal or governmental authority, is already rightfully in the Contractor's possession without obligation of confidentiality, is independently developed by Contractor outside the scope of this Agreement or is rightfully obtained from third parties. Contractor shall give City prompt notice of any such legal or governmental demand and reasonably cooperate with City in any effort to seek a protective order or otherwise to contest such required disclosure.

9. Copyright

No materials, including but not limited to reports, maps, or documents produced as a result of this Agreement, in whole or in part, shall be available to Contractor for copyright purposes. Any such materials produced as a result of this Agreement that might be subject to copyright shall be the property of the City and all such rights shall belong to the City, and the City shall be sole and exclusive entity who may exercise such rights.

10. Deliverables

Contractor shall prepare or provide to the City various Deliverables. "Deliverables" include work product, such as written reviews, recommendations, reports and analyses, produced by Contractor for the City. The City may reject Deliverables that do not include relevant information or data, or do not include all documents or other materials specified in this Agreement or reasonably necessary for the purpose for which the City made this Agreement or for which the City intends to use the Deliverables. If the City determines that Contractor has failed to comply with the foregoing standards, it has 30 days from the discovery to notify Contractor of its failure. If Contractor does not correct the failure, or if it is possible to do so, within 30 days after receipt of notice from the City specifying the failure, then the City, by written notice, may treat the failure as a default of this Agreement. Partial or incomplete Deliverables may be accepted for review only when required for a specific and well-defined purpose and when consented to in advance by the City. Such Deliverables will not be considered as satisfying the requirements of this Agreement and partial or incomplete Deliverables in no way relieve Contractor of its commitments under this Agreement.

11. Applicable Laws

Deliverables must conform with all applicable federal, state, and local laws. Such conformity includes compliance with federal sanctions, and Contractor certifies that it has not and will not engage in prohibited transactions with sanctioned persons or entities.

EXHIBIT E

COMPENSATION SCHEDULE

The Contractor shall be compensated for the services identified in Exhibit A, Exhibit C, and Exhibit D to this Agreement as follows:

1. **Project Price**

1.1 The maximum the Contractor shall be paid on this Agreement is \$209,957.00 (hereafter the “not to exceed” amount). The “not to exceed” amount includes all payments to be made pursuant to this Agreement, including City approved reimbursable expenses, if any. Nothing in this Agreement requires the City to pay for work that does not meet the Standard of Performance identified in Exhibit D section 4 or other requirements of this Agreement.

1.2 **Standard Reimbursable Items:** Only the reimbursable items identified in Exhibit A, C, and D (Compensation), shall be compensated to the Contractor. Reimbursable expenses will be reimbursed without markup. Fees plus reimbursable expenses shall not exceed the amount set forth in section 1.1 of this Exhibit and a copy of the original invoice for the items listed in i, ii or iii below shall be attached to the invoice submitted to the City for reimbursement. Payments shall be based upon work documents submitted by the Contractor to the City and accepted by the City as being satisfactory to City’s needs. The City shall not pay a markup on any of the items listed in i, ii or iii. Additionally, items such a telephone, fax, postage or freight are already included in the billable hourly rate. Contractor shall be reimbursed the direct expenses, which are the actual cost of the following items that are reasonable, necessary and actually incurred, by the Contractor in connection with the services:

- i. Expenses, fees or charges for printing, reproduction or binding of documents at actual costs with no markup added to the actual cost.
- ii. Any filing fees, permit fees, or other fees paid or advanced by the Contractor at actual costs with no markup added to the actual cost.
- iii. Travel expenses shall be reimbursed in accordance with the City’s travel policy, which is incorporated herein by reference. Reimbursement shall be made at actual costs with no markup added to the actual cost.

1.3 The Contractor shall be entitled to receive payments for its work performed pursuant to the Agreement. The City will pay Contractor based on invoices for acceptable work performed and approved until the “not to exceed” amount is reached. Thereafter, Contractor must complete services based on the Agreement without additional compensation unless there is a material change to the Statement of Work and Scope by a written Amendment.

1.4 If work is completed before the “not to exceed” amount is reached, the Contractor’s compensation will be based on the Contractor’s invoices previously submitted for acceptable work performed and approved.

1.5 Subcontractor Costs: Compensation for subcontractors shall be limited to the same restrictions imposed on the Contractor. Maximum markup Contractor may apply to subcontractor fees, minus reimbursable expenses, shall not exceed 15%.

2. **Task Price**. Below is the price for the services and reimbursable expenses as described in Exhibit A of this Agreement.

See Attachment A (Cost Proposal – HDR)

3. **Hourly Rates**. The following is a list of hourly billable rates that Contractor shall apply for additional services requested of the Contractor. Contractor shall be compensated based on the hourly rates set forth below, on a time and material basis for those services that are within the general scope of services of this Agreement, but beyond the description of services required under Exhibit A, and all services are reasonably necessary to complete the standards of performance required by this Agreement. Any changes and related fees shall be mutually agreed upon between the parties by a written amendment to this Agreement.

See Attachment A (Cost Proposal – HDR)

5. **Invoice to Address**. Each invoice submitted shall identify the specific task(s) listed in Exhibit A and this Exhibit, and the completed work product/deliverable for the agreed upon price listed in this Exhibit. Invoices shall be submitted to the below address:

MUDFinance@StocktonCA.gov



May 1, 2025

Rajvir Sahota
c/o City Clerk
City of Stockton
Municipal Utilities Department
425 North El Dorado Street
Stockton, California 95202-1997

RE: Water Rate Study (PUR 25-035)

Dear Rajvir:

The City of Stockton (City) has requested a proposal to conduct a water rate study (Study). Under separate cover, HDR Engineering, Inc., (HDR) has provided a detailed proposal to conduct the City's Study. The City's request for proposal (RFP) requested a fee proposal under separate cover. Please find attached HDR's fee proposal to conduct the City's water rate study.

Please note that the attached fee is based upon the requested scope of services by the City and the specific detailed tasks included within our proposal. HDR is willing to modify our scope of services to meet the City's needs and we are willing to negotiate a mutually acceptable final fee based upon the final agreed-upon scope of services.

If you have questions about HDR's proposal or this fee estimate, provided below is HDR's contact information.

Proposal Contact:

Ms. Holly Kennedy, PE
Senior Vice President
Holly.Kennedy@hdrinc.com
(925) 974-2638

Proposed Project Manager:

Mr. Shawn Koorn
Associate Vice President
Shawn.Koorn@hdrinc.com
(425) 633-4596

We would request the opportunity to negotiate a contract similar to past contracts between HDR and the City, and we have provided a summary of the comments in the proposal attachments.

We appreciate the opportunity to provide this proposal to the City and the Municipal Utilities Department. We look forward to discussing our proposal with you.

Sincerely,
HDR ENGINEERING, INC.

A handwritten signature in black ink, appearing to read 'H. Kennedy'.

Holly L.L. Kennedy, PE
Senior Vice President

A handwritten signature in black ink, appearing to read 'Shawn W. Koorn'.

Shawn W. Koorn
Associate Vice President



Fee Proposal

Introduction

This section of the proposal discusses the overall fee estimate for the City's water rate study based on the previously developed scope of work (Section 2 - Scope of Services).

Project Fee Estimate

The estimated project fees were developed based on HDR's proposed scope of services. For each task, an estimate of the labor hours, by individual, was developed. The total labor hours were then applied to the current hourly billing rates for each individual. For the Study, the following hourly billing rates were used to establish the proposed fees for the Study. These rates will be in effect through December 31, 2025. After this date, HDR's hourly billing rates may be adjusted to reflect labor cost adjustments that were effective January 1, 2026, for the project team members. The total fee level will remain at the contracted level.

<u>Individual</u>	<u>Project Role</u>	<u>Hourly Rate</u>
Shawn Koorn	Project Manager	\$345.00/hour
Dave Zuber, PE	Project Principal	\$430.00/hour
Josiah Close	Assistant PM	\$230.00/hour
Kevin Lorentzen	Quality Assurance/Quality Control	\$270.00/hour
Sara Anderson	Financial Analyst	\$140.00/hour
Jack Adams	Financial Analyst	\$130.00/hour
Tom Hoffman, PE	Engineering Assistance	\$260.00/hour
Heleana Galvan	Outreach Lead	\$265.00/hour
Julian Hernandez	Outreach Specialist	\$125.00/hour
Kolton Kammerer	Graphic Design	\$165.00/hour
Kim Floyd	Sub – Public Outreach	\$170.00/hour
Elizabeth Drayer, PE	Sub – Engineering Assistance	\$396.00/hour
Bobby Vera, PE	Sub – Engineering Assistance	\$337.00/hour
Others	Project Administrative/Clerical Support	\$140.00/hour

The billing rates shown above cover payroll cost, employee benefits, and HDR overhead and profit.

In-House Expenses:

Vehicle Mileage	Current Federal Travel Regulation (FTR)
Black/White Photocopies (per copy)	\$0.05 to \$0.09
Color Copies (per copy)	\$0.15 to \$0.30

Direct Expenses:

No markup on expenses. Other direct expenses (e.g., parking, mileage, airfare) will be billed at cost.

Based on the hourly billing rates, and the previously developed scope of services, provided below is a summary of the estimated fees for the services discussed above.

City of Stockton 2025 Water Rate Study Fee Estimate	
Task Description	Total
Task 1: Project Management and Quality Control	\$12,510
Task 2: Data Collection and Review of Customer Billing	12,000
Task 3: Initial Project Meeting	4,520
Task 4: Review of Rate/Financial Policies	4,540
Task 5: Revenue Requirement Analysis	12,580
Task 6: Cost of Service Analysis	15,350
Task 7: Rate Design Analysis	10,380
Task 8: Miscellaneous Fee	8,140
Task 8: Written Report	6,640
Task 9: Public Meetings/Presentations	16,390
Task 10: Proposition 218 Assistance	9,990
Task 11: Public Outreach	49,760
Task 12 Ongoing Rate Study Support (annually for five years)	6,680
Total Labor	\$169,480
Plus Expenses:	
HDR Direct Expenses	\$16,150
Sub Consultant Fee	24,327
Total Expenses	\$40,477
Grand Total Fees	<u>\$209,957</u>

As noted in HDR's proposal, an optional online open house has been included. Should the City request this optional task, an additional fee estimate of \$25,000 would be added to the total fee. Also, as noted in Task 12, the ongoing rate study support has been requested for a five-year period. In the fee estimate above, this reflects year 1 assistance after completion of the rate study. The fee will be increased annually based on the increase in HDR billing rates for years 2 through 5.

HDR is willing to negotiate a final "not to exceed" fee based on a final agreed upon scope of services. Should the City request additional out-of-scope services under this contract (e.g., additional public presentations), the services will be agreed to in writing and will then be provided at the hourly billing rates then in effect. In accordance with the City's offering, the fees for this study will be billed monthly on a time-and-material basis. Should other HDR individuals be required for this project, they will be billed at their standard hourly billing rate.

Provided on the following page is a more detailed exhibit of the development of the fee estimate for this study. The detailed fee estimate provides the hours by task and by individual.



City of Stockton Water Rate Study Level of Effort by Task and Project Team Member													
Task	Task Description	PM	Project Principal	Assistant PM	QA/QC	Financial Analyst	Financial Analyst	Engineering Assistance	Outreach Lead	Outreach Specialist	Graphic Design	Acct. /Admin.	Total Project
	Hourly Billing Rates	\$345	\$430	\$230	\$270	\$140	\$130	\$260	\$265	\$125	\$165	\$140	
1	Project Management and Quality Control												
	Hours -	10	4	10	0	0	0	0	0	0	0	36	60
	Labor Cost	\$3,450	\$1,720	\$2,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,040	\$12,510
2	Data Collection and Review of Customers Billing												
	Hours -	8	0	12	0	24	24	0	0	0	0	0	68
	Labor Cost	\$2,760	\$0	\$2,760	\$0	\$3,360	\$3,120	\$0	\$0	\$0	\$0	\$0	\$12,000
3	Initial Kick-Off Meeting												
	Hours -	6	0	6	0	2	2	0	2	0	0	0	18
	Labor Cost	\$2,070	\$0	\$1,380	\$0	\$280	\$260	\$0	\$530	\$0	\$0	\$0	\$4,520
4	Review of Rate/Financial Policies												
	Hours -	4	0	2	2	8	8	0	0	0	0	0	24
	Labor Cost	\$1,380	\$0	\$460	\$540	\$1,120	\$1,040	\$0	\$0	\$0	\$0	\$0	\$4,540
5	Revenue Requirement												
	Hours -	8	0	10	4	20	20	4	0	0	0	0	66
	Labor Cost	\$2,760	\$0	\$2,300	\$1,080	\$2,800	\$2,600	\$1,040	\$0	\$0	\$0	\$0	\$12,580
6	Cost of Service												
	Hours -	10	0	12	6	24	24	4	0	0	0	0	80
	Labor Cost	\$3,450	\$0	\$2,760	\$1,620	\$3,360	\$3,120	\$1,040	\$0	\$0	\$0	\$0	\$15,350
7	Rate Design												
	Hours -	8	0	12	2	16	16	0	0	0	0	0	54
	Labor Cost	\$2,760	\$0	\$2,760	\$540	\$2,240	\$2,080	\$0	\$0	\$0	\$0	\$0	\$10,380
8	Miscellaneous Fee												
	Hours -	4	0	6	2	16	12	4	0	0	0	0	44
	Labor Cost	\$1,380	\$0	\$1,380	\$540	\$2,240	\$1,560	\$1,040	\$0	\$0	\$0	\$0	\$8,140
9	Written Report												
	Hours -	4	0	4	4	10	10	0	0	0	0	4	36
	Labor Cost	\$1,380	\$0	\$920	\$1,080	\$1,400	\$1,300	\$0	\$0	\$0	\$0	\$560	\$6,640
10	Public Meetings / Presentations												
	Hours -	32	0	6	2	6	6	0	4	6	0	0	62
	Labor Cost	\$11,040	\$0	\$1,380	\$540	\$840	\$780	\$0	\$1,060	\$750	\$0	\$0	\$16,390
11	Proposition 218 Assistance												
	Hours -	8	0	4	2	4	4	0	8	10	8	0	48
	Labor Cost	\$2,760	\$0	\$920	\$540	\$560	\$520	\$0	\$2,120	\$1,250	\$1,320	\$0	\$9,990
12	Public Outreach												
	Hours -	16	0	16	0	8	8	0	68	68	72	0	256
	Labor Cost	\$5,520	\$0	\$3,680	\$0	\$1,120	\$1,040	\$0	\$18,020	\$8,500	\$11,880	\$0	\$49,760
13	Ongoing Rate Study Support												
	Hours -	8	0	10	0	6	6	0	0	0	0	0	30
	Labor Cost	\$2,760	\$0	\$2,300	\$0	\$840	\$780	\$0	\$0	\$0	\$0	\$0	\$6,680
	Total Hours	126	4	110	24	144	140	12	82	84	80	40	846
	Total Fees	\$43,470	\$1,720	\$25,300	\$6,480	\$20,160	\$18,200	\$3,120	\$21,730	\$10,500	\$13,200	\$5,600	\$169,480
	Percentage of Hours by Employee	14.9%	0.5%	13.0%	2.8%	17.0%	16.5%	1.4%	9.7%	9.9%	9.5%	4.7%	100.0%
Expenses													
	Airfare (16 Round Trip @ \$450/RT)												\$7,200
	Hotel (14 Nights @ \$225/night)												3,150
	Rental Car (12 Days @ \$100/day)												1,200
	Parking/Miles/Meals/Etc.												2,750
	Copies/Printing												650
	Public Outreach Direct Expenses												1,200
	Total Expenses												\$16,150
	Sub Consultants												\$24,327
	Grand Total Project Fee Estimate												\$209,957

ATTACHMENT F – COST/PRICE PROPOSAL PUR 25-035

Proposal Submitted By: <div style="margin-top: 10px;"> Company Name: <u>HSR Engineering, Inc.</u> Contact Name: <u>Shawn Koorn, Associate Vice President & Holly Kennedy (senior vice president/signatory)</u> Contact Email: <u>Shawn.Koorn@hdrinc.com</u> Contact Phone: <u>425.633.4596</u> </div>	
<div style="display: flex; justify-content: space-between; margin-bottom: 5px;"> <u>Senior Vice President</u> <u>05-01-25</u> </div> Signature: _____ Title: _____ Date: _____	
Project Overview: Provide a rate study and fee update for the City's water utility along with public outreach and public presentations Description of Services:	
Project Start Date: <u>07-15-25</u> Project End Date: <u>04-30-26</u>	
Consulting Fees:	Hourly Rate: \$ <u>varies (see cost proposal) average</u> (No. of Hours: <u>846</u>) <u>rate of \$200</u> Estimated Total: \$ <u>169,480</u>
Materials and Resources: Description:	Cost Breakdown: Copies/report printing/outreach materials (poster boards, printing, etc.) Estimated Cost: \$ <u>1,850</u>
Travel Expenses: <div style="margin-left: 20px;"> airfare - 7,200 hotel - 3,150 rental car - 1,200 meals - 1,280 parking - 800 mileage - 670 </div>	Mileage: \$ _____ (Miles: _____) Accommodations: \$ _____ Per Diem: \$ _____
Other Expenses: Description: <u>subconsultants</u>	Estimated Cost: \$ <u>24,327</u>
Total Estimated Cost:	\$ <u>209,957</u>

EXHIBIT F

TIMELINE

1. Contractor shall complete the requested services identified in Exhibit A as follows:

1.1 **TIMELINE FOR COMPLETION OF WORK**

See Attachment A

FIGURE 2-3: Proposed Schedule

