

AGREEMENT TO PROVIDE PROFESSIONAL SERVICES TO
EVALUATE CITY'S CAPITAL IMPROVEMENT CHARGES TO ENSURE
COMPLIANCE WITH STATE LAW

This Agreement is made and entered into this 21st day of September, 2004 by and between the City of Redlands, a municipal corporation (hereinafter "City") and Raftelis Financial Consultants, Inc., (hereinafter "Consultant").

In consideration of the mutual promises contained herein, City and Consultant agree as follows:

ARTICLE 1 - ENGAGEMENT OF CONSULTANT

- 1.1 City hereby engages Consultant to perform professional services to evaluate City's water and wastewater impact fees and water source acquisition charges to ensure compliance with State law (the "Services").
- 1.2 The Services shall be performed by Consultant in a professional manner, and Consultant represents that it has the skill and the professional expertise necessary to provide the Services to City at a level of competency presently maintained by other practicing professional consultants in the industry providing like and similar types of services.

ARTICLE 2 - SERVICES OF CONSULTANT

- 2.1 The Services which Consultant shall perform are described in Exhibit "A," entitled "Scope of Services," which is attached hereto and incorporated herein by this reference.
- 2.2 Consultant shall comply with all applicable Federal, State and local laws and regulations in its performance of the Services including, but not limited to, compliance with the State's Fair Employment and Housing Act and all applicable Labor Code and prevailing wage laws
- 2.3 Consultant agrees that if it violates the provisions of the California Labor Code relating to prevailing wage, that City may enforce the California Labor Code by notice of the withholding of contract payments to Consultant pursuant to California Labor Code sections 1726, 1727 and 1771.6.
- 2.4 If Consultant executes an agreement with a subcontractor to perform any portion of the Services, Consultant shall comply with California Labor Code sections 1775 and 1777.7 including providing the subcontractor with copies of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813 and 1815 of the California Labor Code. Consultant acknowledges that the statutory penalties for failure to comply with state wage and hour laws and to pay prevailing wages may be enforced by City pursuant to California Labor code sections 1775 and 1813.

ARTICLE 3 - RESPONSIBILITIES OF CITY

- 3.1 City shall make available to Consultant information in its possession that is relevant to the performance of Consultant's Services.
- 3.2 City will provide access to City-owned property to perform the Services.
- 3.3 City designates Doug Headrick to act as its representative with respect to the Services.

ARTICLE 4 - PERIOD OF SERVICE

- 4.1 Consultant shall perform the Services in a prompt and diligent manner and shall complete the Services no later than December 31, 2004.

ARTICLE 5 - PAYMENTS TO THE CONSULTANT

- 5.1 The total compensation for Consultant's performance of the Services shall not exceed the amount of \$22,100. City shall pay Consultant on a time and materials basis up to the not to exceed amount, in accordance with Exhibit "C" entitled "Consulting Fee," based upon the hourly rates shown in Exhibit "C."
- 5.2 Consultant shall bill City within ten days following the close of each month by submitting an invoice indicating the portion of the Services performed, who performed the Services, indirect costs, and the detailed cost of all Services including backup documentation. Payments by City to Consultant shall be made within 30 days after receipt and approval of Consultant's invoice.
- 5.3 All notices, bills and payments shall be made in writing and may be given by personal delivery or by mail. Notices, bills and payments sent by mail shall be addressed as follows:

City of Redlands

Doug Headrick, Chief of Water Resources
Municipal Utilities Dept.
PO Box 3005
Redlands, CA 92373

Sudhir Pardiwala
Raftelis Financial Consultants
201 S. Lake, Ste 803
Pasadena, CA 91101

When so addressed, such notices shall be deemed given upon deposit in the United States Mail. Changes may be made in the names and addresses of the person to whom notices and payments are to be given by giving notice pursuant to this paragraph.

ARTICLE 6 - INSURANCE AND INDEMNIFICATION

6.1 Consultant's Insurance to be Primary

All insurance required by this Agreement shall be maintained by Consultant for the duration of this Project and shall be primary with respect to City and non-contributing to any insurance or self-insurance maintained by City. Consultant shall not perform any Services pursuant to this Agreement unless and until all required insurance listed below is obtained by Consultant. Consultant shall provide City with Certificates of Insurance and endorsements evidencing such insurance prior to commencement of work. All insurance policies shall include a provision prohibiting cancellation of the policy except upon thirty (30) days prior written notice to City.

6.2 Workers' Compensation and Employer's Liability

A. Consultant shall secure and maintain Workers' Compensation and Employer's Liability insurance throughout the duration of this Agreement in amounts which meet statutory requirements with an insurance carrier acceptable to City.

B. Consultant expressly waives all rights to subrogation against City, its elected officials, employees and volunteers for losses arising from work performed by Consultant for City by expressly waiving Consultant's immunity for injuries to Consultant's employees and agrees that the obligation to indemnify, defend and hold harmless provided for in this Agreement extends to any claim brought by or on behalf of any employee of Consultant. This waiver is mutually negotiated by the parties. This subsection shall not apply to any damage resulting from the sole negligence of City, its agents and employees. To the extent any of the damages referenced herein were caused by or resulted from the concurrent negligence of City, its agents or employees, the obligations provided herein to indemnify, defend and hold harmless are valid and enforceable only to the extent of the negligence of Consultant, its officers, agents and employees.

6.3 Comprehensive General Liability Insurance. Consultant shall secure and maintain in force throughout the duration of this Agreement comprehensive general liability insurance with carriers acceptable to City. Minimum coverage of one million dollars (\$1,000,000) per occurrence and two

million dollars (\$2,000,000) aggregate for public liability, property damage and personal injury is required. Consultant shall obtain an endorsement that City shall be named as an additional insured.

6.4 Professional Liability Insurance. Consultant, shall secure and maintain professional liability insurance throughout the duration of this Agreement in the amount of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) annual aggregate.

6.5 Business Auto Liability Insurance. Consultant shall have business auto liability coverage, with minimum limits of one million dollars (\$1,000,000) per occurrence, combined single limit for bodily injury liability and property damage liability. This coverage shall include all Consultant-owned vehicles used in connection with the Services, hired and non-owned vehicles, and employee non-ownership vehicles. Consultant shall obtain an endorsement that City shall be named as an additional insured.

6.6 Assignment and Insurance Requirements. Consultant is expressly prohibited from assigning any of the Services without the express prior written consent of City. In the event of mutual agreement between the parties to assign a portion of the Services, Consultant shall add the assignee as an additional insured and provide City with the insurance endorsements prior to any Services being performed by the subcontractor. Assignment does not include printing or other customary reimbursable expenses that may be provided in this Agreement.

6.7 Hold Harmless and Indemnification. Consultant shall defend, indemnify and hold harmless City, its elected officials, officers, employees and agents, from and against any and all actions, claims, demands, lawsuits, losses and liability for damages to persons or property, including costs and attorney fees, that may be asserted or claimed by any person, firm, entity, corporation, political subdivision or other organization arising out of or in connection with Consultant's negligent and/or intentionally wrongful acts or omissions under this Agreement; but excluding such actions, claims, demands, lawsuits and liability for damages to persons or property arising from the sole negligence or intentionally wrongful acts of City, its officers, employees or agents.

ARTICLE 7 - GENERAL CONSIDERATIONS

7.1 In the event any action is commenced to enforce or interpret any of the terms or conditions of this Agreement the prevailing party shall, in addition to any costs and other relief, be entitled to the recovery of its reasonable attorneys' fees.

7.2 All documents, records, drawings, designs, cost estimates, electronic data files, databases, and other documents developed by Consultant pursuant to this Agreement in said above described documents, shall become the property of City and shall be delivered to City upon completion of the Services, or upon the request of City. Any reuse of such documents and any use of incomplete documents will be at City's sole risk.

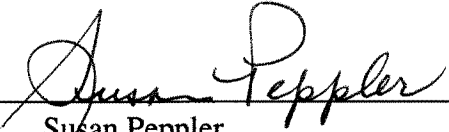
7.3 Consultant is for all purposes an independent contractor. Consultant shall supply all tools and instrumentalities required to perform the Services. All personnel employed by Consultant are for its account only, and in no event shall Consultant or any personnel

retained by it be deemed to have been employed by City or engaged by City for the account of or on behalf of City.

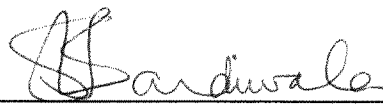
- 7.4 Unless earlier terminated, as provided for below, this Agreement shall terminate upon completion and acceptance of the Services by City.
- 7.5 This Agreement may be terminated by either party, without cause, by providing seven (7) days prior written notice to the other party (delivered by certified mail, return receipt requested) of intent to terminate.
- 7.6 If this Agreement is terminated by City, an adjustment to Consultant's compensation shall be made, but no amount shall be allowed for anticipated profit or unperformed Services, and any payment due Consultant at the time of termination may be adjusted to the extent of any additional costs to City occasioned by any default by Consultant.
- 7.7 Upon receipt of a termination notice from City, Consultant shall discontinue all Services and deliver or otherwise make available to City, copies (in both hard copy and electronic form, where applicable) of any data, design calculations, drawings, specifications, reports, estimates, summaries and such other information and documents that may have been prepared or assembled by Consultant in performing the Services.
- 7.8 Consultant shall maintain books, payroll costs and all expenses associated with the Services. Such books shall be available at all reasonable times for examination by City at the office of Consultant.
- 7.9 This Agreement, including the attachments incorporated herein by reference, represents the entire agreement of the parties as to the matters contained herein, and any prior negotiations, written proposals or oral agreements relating to the subject matter hereof are superseded by this Agreement. Any amendment to this Agreement shall be in writing, approved by City Council of City and signed by City and Consultant.
- 7.10 This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, duly authorized representatives of City and Consultant have signed in confirmation of this Agreement.

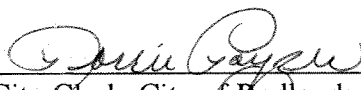
City of Redlands

By: 
Susan Pepler
Mayor

Raftelis Financial Consultants, Inc.

By: 

Attest:


City Clerk, City of Redlands

ATTACHMENT A

SCOPE OF SERVICES

Based on our understanding of the City's request for additional services and discussion with City staff, we propose the following tasks to address the City's needs.

SCOPE

RFC will provide the following services.

A. Data Processing

Recognizing that we may need to evaluate different scenarios and the fact that the City has recently upgraded its Customer Information System, RFC will collect raw customer data including meter size, bimonthly water usage, customer type, wastewater return factor, etc. for one or two years. RFC will then tabulate the data in a manner suitable to conduct the rate study.

Task 1 Data – Compilation

RFC will collect electronic files with water usage data by billing period for a one to two-year period. The data will include meter size, customer class identifying both water and wastewater characteristics, return to sewer factors, rate codes and other information to identify type of use. Multi-family accounts must show number of apartment units associated with the account.

- 1.1 Collect electronic water use data from City and review for appropriateness. Compile data into database or spreadsheet and in a manner suitable for preparing bill tabs showing customer usage characteristics.
- 1.2 RFC will analyze data and perform some clean-up to ensure consistency and reasonableness. It is understood that we may require input from the City to clarify and compile data.

B. Impact Fee and Water Source Acquisition Charge Review

RFC will assist the City to review the water and wastewater impact fees and water source acquisition charges for new users. Requirements of AB 1600 and other California statutes will be taken into consideration for the review.

Task 2 – Impact Fee and Water Source Acquisition Design

RFC will review water and wastewater impact fees and water source acquisition charges to ensure that the fees collected by the City pay for the facilities and additional water sources required providing service and that users pay their fair share of costs. Specific subtasks include:

- 2.1 Review the accuracy and appropriateness of the new water and wastewater facilities to serve the new development and estimate cost of providing the additional water and wastewater services and to secure additional water sources using appropriate cost estimation procedures factoring the inflation, interest rates, and Engineering News-Record Index.
- 2.2 Review existing water rights held by the City from affiliated mutual water companies. Any additional water capacity needed that can be acquired through the affiliated mutual water companies to serve new users and its associated costs will be reviewed.
- 2.3 Determination of water and wastewater impact fees, front footage fees and water source acquisition charges are accomplished by calculating the portion of total costs to be allocated to each unit of development (EDU). The total cost is then allocated equitably using specific set of parameters such as meter sizes, capacity, etc. RFC will review factors to be considered in establishing the proportionate share of capital costs to be allocated to new development including:
 - the method of financing,
 - the extent to which new developments have already contributed to existing improvements,
 - the extent to which new development is required to construct, acquire new water sources and contribute capital facility plans as condition of development,
 - the extent to which administrative and financing costs will be included in impact fees and water source acquisition charges,
 - the time-price differential in comparing the amount paid at different times.

Using an appropriate methodology and utilizing the City's master plans, and other studies and data, we will develop equitable and defensible water and wastewater impact fees and water source acquisition charges that comply with regulatory requirements including AB 1600.

C. Miscellaneous Fees

RFC will review miscellaneous fees to augment the revenues currently collected and ensure that users receiving miscellaneous services pay their fair share.

Task 3 – Miscellaneous Fees Review

The City is interested in reviewing the various miscellaneous charges levied by the City. We will review the City's miscellaneous fees and suggest changes and additions if necessary to implement bad check charges, turn-on, turn off fees, broken lock charges, returned check charges, remove straight connection charge, cut service at main, plan check fees, new account fees, late fees, service deposits, backflow service charges, etc.

- 3.1 Meet and discuss with City staff to review various miscellaneous fees, evaluate the level of effort and materials required to provide miscellaneous services.

Recommend changes to the City's miscellaneous fees to recover costs of providing services.

ATTACHEMENT B

PROJECT SCHEDULE

All services described in Attachment A will be completed by Dec 31, 2004.

ATTACHMENT C

PROJECT FEE

Services will be provided on a salary cost basis. Tasks in this scope of work will be completed for a not to exceed amount of \$22,100 including direct costs.

ATTACHMENT D

RATE SCHEDULE

Hourly Rates

RFC proposes to provide the tasks identified in our Scope of Services at the hourly billing rates shown in the table below.

	Hourly Billing Rate
Project Manager	\$175
Consultant	\$175
Financial Analysts	\$125
Clerical	\$60

Reimbursement of Direct Expenses

Direct expenses are costs incurred in providing the services outlined in the proposed Scope of Services. Such expenses include items such as travel, technology charges, postage, long distance telephone, reproduction, etc.