

"Placerville, a Unique Historical Past Forging into a Golden Future"



City Manager's Report
March 24, 2015, City Council Meeting
Prepared by: Dave Warren, Director of Finance
Item #: 12.1

Subject: Adopt a resolution:

1. Approving a professional services agreement with Bartle Wells Associates in the amount of \$25,000 to perform the Water and Wastewater User Rate Study project (CIP #41516) and authorize the City Manager to execute the same; and
2. Approving a \$12,500 budget appropriation from the Water Enterprise Fund Contingency for Unforeseen Expenditures for the said project; and
3. Approving a \$9,470 budget appropriation from the Sewer Enterprise Fund Contingency for Unforeseen Expenditures for the said project; and
4. Approving a \$3,030 budget transfer from the Sewer Enterprise Fund Utility Billing Contractual Services Account for the said project.

Background:

Due to the normal inflationary impacts to personnel, services and supplies, staff anticipates the cost of providing water and wastewater services will continually increase each year for the next five years. In order offset these costs, both the water and wastewater rates need to be incrementally adjusted each year. Additionally, the City needs to adjust wastewater rates in order to fully fund the annual 2006 State Revolving Fund (SRF) loan payment which is currently subsidized by the Sewer Rate Stabilization Reserve which is a one-time funding source. Tonight, staff is recommending the City Council approve a professional services agreement with Bartle Wells Associates (BWA) to perform a study of the City's water and wastewater user rates for the next five fiscal years.

Discussion:

The last multi-year water and wastewater rate schedules were adopted by the City Council on October 13, 2009. Subsequent to the rate adoption, the Council approved a series of rate adjustments, deferrals, and rollbacks in response to public outcry and the negative economic affects of the Great Recession. In November 2010, Placerville Voters approved the Measure H add-on sales tax for the purpose of minimizing water and wastewater charges and providing funds for sewer and water infrastructure improvements. The Measure H sales tax is currently providing approximately a 10% sewer charge discount and \$500,000 annually for water and wastewater infrastructure improvements.

State Proposition 218 of 1996 mandates that rate schedules not extend beyond five years from the adoption date. The maximum wastewater rates included in the adopted 2009 rate schedule became effective August 16, 2014 or within the five year period of time. Although the City did raise water rates incrementally since their adoption, it did not pass on the maximum water rates approved by the Council in 2009, and the City is unable to raise water rates again under the 2009 rate schedule because the five-year anniversary has past. In order to raise water and wastewater rates in the future, the City will need to perform a study, provide a notice to the ratepayers, hold at least one Public Hearing, and adopt the new rate schedule.

BWA successfully performed the last study and provided the analysis needed for the subsequent rate adjustments, deferrals, and rollbacks. Because of their demonstrated expertise and intimate knowledge of the City's water and wastewater revenue programs, staff sought a proposal from BWA to perform a new study of the City's water and wastewater rates for the next five fiscal years.

The scope of services included in the proposed study is as follows:

1. Review existing rates and rate structures
2. Develop revenue requirements
3. Evaluate customer classes and usage patterns
4. Determine equitable cost allocation to usage parameters
5. Conduct tier analysis
6. Calculate rates and impacts
7. Develop rate models
8. Evaluate impacts on customers
9. Develop drought rates (water rates only)
10. Conduct rate survey of regional agencies
11. Assist with Proposition 218 Compliance

BWA will also take into account the forecasted net revenues generated by the Measure H sales tax over the next five Fiscal Years when analyzing the revenues needed to fund future water and wastewater Capital Improvement Programs.

Options:

1. Approve a professional services agreement with Bartle Wells Associates to perform a study of the City's water wastewater user rates as presented.
2. Approve a revised professional services agreement with Bartle Wells Associates to perform a study of the City's water and wastewater user rates.
3. Direct staff to solicit proposals from other reputable firms to perform a study of the City's and water and wastewater user rates.

Cost:

The cost of the proposed agreement with Bartle Wells Associates is \$25,000.

Budget Impact:

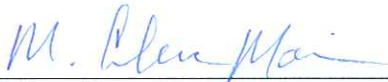
There is no budget for the project. Staff recommends the Council approve a \$12,500 budget appropriation from the Water Enterprise Fund Contingency for Unforeseen Expenditures, a \$9,470 budget appropriation from the Sewer Enterprise Fund Contingency for Unforeseen Expenditures, and a \$3,030 budget transfer from the Sewer Enterprise Fund Utility Billing Contractual Services Account for a total project budget of \$25,000. The Water Enterprise Fund Contingency for Unforeseen Expenditures has an unencumbered balance of \$96,482, and if the \$12,500 proposed budget appropriation is approved, the Contingency will have a remaining balance of \$83,982. The Sewer Enterprise Fund Contingency for Unforeseen Expenditures has an unencumbered balance of \$9,470, including the \$160,957 in proposed budget appropriations for the sewer line repairs located on Grandview Street, Main Street, Monica Way, and School Street which are addressed in two other staff reports as part of tonight's agenda. If the \$9,470 proposed budget appropriation is approved, the Contingency will have a remaining balance of \$0.00. The Sewer Enterprise Fund Utility Billing

Contractual Services Account has an unencumbered balance of \$7,338, and if the \$3,030 proposed budget transfer is approved, the Account will have a remaining balance of \$4,308.

Recommendation:

Adopt a resolution:

1. Approving a professional services agreement with Bartle Wells Associates in the amount of \$25,000 to perform the Water and Wastewater User Rate Study project (CIP #41516) and authorize the City Manager to execute the same; and
2. Approving a \$12,500 budget appropriation from the Water Enterprise Fund Contingency for Unforeseen Expenditures for the said project; and
3. Approving a \$9,470 budget appropriation from the Sewer Enterprise Fund Contingency for Unforeseen Expenditures for the said project; and
4. Approving a \$3,030 budget transfer from the Sewer Enterprise Fund Utility Billing Contractual Services Account for the said project.



M. Cleve Morris, City Manager



Dave Warren, Director Finance

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PLACERVILLE APPROVING
A PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF PLACERVILLE
AND BARTLE WELLS ASSOCIATES IN THE AMOUNT OF \$25,000 TO PERFORM THE
WATER AND WASTEWATER USER RATE STUDY PROJECT (CIP #41516) AND
APPROVING \$25,000 IN BUDGET APPROPRIATIONS**

WHEREAS, the City of Placerville collects water and wastewater charges for providing utility services to the Placerville community; and

WHEREAS, Bartle Wells Associates successfully performed the last water and wastewater user rate study in 2009; and

WHEREAS, the City Council has determined that a comprehensive study of the City's user rates needs to be performed in order to develop a multi-year revenue program that addresses the Water Enterprise Fund's and the Sewer Enterprise Fund's present and future operating and capital replacement needs; and

WHEREAS, Bartle Wells Associates specializes in performing water and wastewater and user rate studies and has an intimate knowledge of the City's water and wastewater revenue programs.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the City Council of the City of Placerville hereby:

1. Approves a professional services agreement with Bartle Wells Associates in the amount of \$25,000 to perform the Water and Wastewater User Rate Study project (CIP #41516) and authorize the City Manager to execute the same; and
2. Approves a \$12,500 budget appropriation from the Water Enterprise Fund Contingency for Unforeseen Expenditures for the said project; and
3. Approves a \$9,470 budget appropriation from the Sewer Enterprise Fund Contingency for Unforeseen Expenditures for the said project; and
4. Approves a \$3,030 budget transfer from the Sewer Enterprise Fund Utility Billing Contractual Services Account for the said project.

The foregoing Resolution was introduced at a regular meeting of the City Council of the City of Placerville held on March 24, 2015, by Councilmember _____ who moved its adoption. The motion was seconded by Councilmember _____. The motion was passed by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor, Patty Borelli

ATTEST:

City Clerk, Susan Zito

PROFESSIONAL SERVICES AGREEMENT
(City of Placerville/Bartle Wells Associates)

THIS PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is entered into by and between the City of Placerville, a California municipal corporation (“City”) and Bartle Wells Associates a California corporation (“Consultant”).

RECITALS

City has determined that it requires the following professional services from a consultant:
Water and Sewer Rate Study, Professional Services.

Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees.

Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

1. DEFINITIONS

“Scope of Services”: Such professional services as are set forth in Consultant’s revised proposal to City attached hereto as Exhibit A and incorporated herein by this reference.

“Approved Fee and Insurance Schedules”: Such compensation rates as are set forth in Consultant’s fee schedule to City attached hereto as Exhibit A and incorporated herein by this reference.

“Commencement Date”: March 24, 2015

“Expiration Date”: Upon Adoption of the Final Report by Council

2. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the parties or terminated earlier in accordance with Section 15 (“Termination”) below.

3. CONSULTANT’S SERVICES

Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement. In no event shall the total compensation

and costs payable to Consultant under this Agreement exceed the sum of twenty five thousand dollars (\$25,000) unless specifically approved in advance and in writing by City.

Consultant shall perform all work to the highest professional standards of Consultant's profession and in a manner reasonably satisfactory to City. Consultant shall comply with all applicable federal, state and local laws and regulations, including the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 et seq.).

Consultant represents that it has, or will secure at its own expense, all personnel required to perform the services identified in the Scope of Services. All such services shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Dave Warren, Finance Director, shall be Consultant's project administrator and shall have direct responsibility for management of Consultant's performance under this Agreement. No change shall be made in Consultant's project administrator without City's prior written consent.

4. COMPENSATION

City agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept in full satisfaction for such services, payment in accordance with the Approved Fee Schedule, and Section 3.1 of this Agreement.

Consultant shall submit to City an invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within ten business days of receipt of each invoice, City shall notify Consultant in writing of any disputed amounts included on the invoice. Within forty-five calendar days of receipt of each invoice, City shall pay all undisputed amounts included on the invoice. City shall not withhold applicable taxes or other authorized deductions from payments made to Consultant.

Payments for any services requested by City and not included in the Scope of Services shall be made to Consultant by City on a time-and-materials basis using Consultant's standard fee schedule.

5. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material ("written products") developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant.

6. RELATIONSHIP OF PARTIES

Consultant is, and shall at all times remain as to City, a wholly independent contractor. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or

otherwise to act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not represent that it is, or that any of its agents or employees are, in any manner employees of City.

7. CONFIDENTIALITY

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data shall be returned to City upon the termination or expiration of this Agreement.

8. INDEMNIFICATION

To the fullest extent permitted by law, Consultant shall indemnify, hold harmless and defend City, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant or any of its officers, employees, servants, agents, or subcontractors in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of City's choice.

City shall have the right to offset against the amount of any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant's failure to pay City promptly any indemnification arising under this Section 8 and related to Consultant's failure to either (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

The obligations of Consultant under this Section 8 will not be limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives any statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 8 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend City, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant's subcontractors or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of City's choice.

City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required

pursuant to this Agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

9. INSURANCE

During the term of this Agreement, Consultant shall carry, maintain, and keep in full force and effect insurance against claims for death or injuries to persons or damages to property that may arise from or in connection with Consultant's performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:

9.1.1. Comprehensive General Liability Insurance with coverage limits of not less than One Million Dollars (\$1,000,000), per occurrence and in the aggregate, including products and operations hazard, contractual insurance, broad form property damage, independent consultants, personal injury, underground hazard, and explosion and collapse hazard where applicable.

9.1.2. Automobile Liability Insurance for vehicles used in connection with the performance of this Agreement with minimum limits of One Million Dollars (\$1,000,000) per claimant and One Million dollars (\$1,000,000) per incident.

9.1.3. Worker's Compensation insurance as required by the laws of the State of California.

9.1.4. Professional Errors and Omissions Insurance with coverage limits of not less than One Million Dollars (\$1,000,000).

Consultant shall require each of its subcontractors to maintain insurance coverage that meets all of the requirements of this Agreement.

The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least A:VII in the latest edition of Best's Insurance Guide.

Consultant agrees that if it does not keep the aforesaid insurance in full force and effect, City may either (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay, at Consultant's expense, the premium thereon.

At all times during the term of this Agreement, Consultant shall maintain on file with City a certificate or certificates of insurance showing that the aforesaid policies are in effect in the required amounts and naming the City and its officers, employees, agents and volunteers as additional insureds. Consultant shall, prior to commencement of work under this Agreement, file with City such certificate(s).

Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages.

The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming City and its officers, employees, agents and volunteers as additional insureds. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty days' prior written notice to City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

The insurance provided by Consultant shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City and/or its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant's employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of City, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duties to indemnify, hold harmless and defend under Section 8 of this Agreement.

10. MUTUAL COOPERATION

City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant's services under this Agreement.

In the event any claim or action is brought against City relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that City may require.

11. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts

therefrom and to inspect all program data, documents, proceedings, and activities.

12. PERMITS AND APPROVALS

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary in the performance of this Agreement. This includes, but shall not be limited to, encroachment permits and building and safety permits and inspections.

13. NOTICES

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (i) the day of delivery if delivered by hand, facsimile or overnight courier service during Consultant's and City's regular business hours; or (ii) on the third business day following deposit in the United States mail if delivered by mail, postage prepaid, to the addresses listed below (or to such other addresses as the parties may, from time to time, designate in writing).

If to City:

Mr. Dave Warren
City of Placerville
City Hall
3101 Center Street
Placerville, CA 95667
Telephone: (530) 642-5223
Facsimile: (530) 642-5255

If to Consultant:

Mr. Douglas R. Dove
Bartle Wells Associates
1889 Alcatraz Avenue
Berkeley, CA 94703
Telephone: 510.653.3399
Facsimile: 510.653.3769

14. SURVIVING COVENANTS

The parties agree that the covenants contained in Section 7, Section 8, Paragraph 10.2 and Section 11 of this Agreement shall survive the expiration or termination of this Agreement.

15. TERMINATION

City shall have the right to terminate this Agreement for any reason on five calendar days' written notice to Consultant. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.

If City terminates this Agreement for any reason other than fault, or breach of this Agreement, or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

16. GENERAL PROVISIONS

Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City's prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any party other than Consultant.

In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor, or applicant for employment because of race, color, creed, religion, sex, marital status, sexual orientation, national origin, ancestry, age, physical or mental disability or medical condition.

The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement. Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).

The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.

Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.

Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or

remedies. In the event legal action shall be necessary to enforce any term, covenant or condition herein contained, the party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants' fees, if any, and attorneys' fees expended in such action. The venue for any litigation shall be El Dorado County, California.

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

This Agreement shall be governed and construed in accordance with the laws of the State of California.

All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.

TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“City”
City of Placerville

“Consultant”
Bartle Wells Associates

By _____
M. Cleve Morris, City Manager

By: _____
Douglas R. Dove, President

Date: _____

Date: _____

Attest:

By _____
Susan Zito, City Clerk

Date: _____

Approved as to form:

By _____
John Driscoll, City Attorney

EXHIBIT A
SCOPE OF WORK, APPROVED FEE AND INSURANCE SCHEDULE



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

1889 Alcatraz Avenue
Berkeley, CA 94703
T: 510-653-3399
www.bartlewells.com

February 27, 2015

Dave Warren, Director of Finance
City of Placerville
3101 Center Street
Placerville, CA 95667

Subject: Proposal for a Water & Wastewater Rate Study

Bartle Wells Associates is pleased to submit this proposal to develop rate studies for the City's water and wastewater enterprises. Our firm has developed over 1,000 utility rate studies for California water and wastewater agencies.

Bartle Wells Associates specializes in providing utility rate consulting services to California cities and special districts. Our firm has a well-earned reputation for providing our clients with straightforward, practical advice. We work closely with agency staff, engineers, district board and city council members, and citizen advisory committees in developing our rate recommendations. We have substantial experience presenting our findings and recommendations to non-technical audiences and we have a strong track record of building consensus for our final recommendations.

We propose to assign Douglas R. Dove, President of the firm, as project leader and your day-to-day contact on this assignment. Mr. Dove would be assisted by Michael DeGroot, Financial Analyst. Resumes for Doug and Michael have been included in this cost proposal.

We would very much like to work with the City of Placerville on the water and wastewater rate studies and hope this proposal provides a suitable basis for our selection. Please contact me at 510.653.3399 extension 110 or by email at ddove@bartlewells.com if you have any questions or would like any additional information.

Very truly yours,

BARTLE WELLS ASSOCIATES

Douglas R. Dove, PE, CIPFA
President

BARTLE WELLS ASSOCIATES

Bartle Wells Associates (BWA) is an independent financial advisory firm with industry-leading expertise in the areas of water and wastewater rates and finance. Our firm was established in 1964 and is owned and managed by its principal consultants. We have over 50 years of experience advising local governments on the complexities and challenges in public finance. BWA has advised over 500 public agency clients throughout California and the Western United States. We have a diversity of abilities and experience to evaluate all types of financial issues faced by local governments and to recommend the best and most-practical solutions.

Bartle Wells Associates has a highly-qualified professional team with education and backgrounds in finance, civil engineering, business, public administration, public policy, and economics.

Bartle Wells Associates specializes in three professional services: utility rate and fee studies, financial plans, and project financing. We are the only independent financial advisor providing all three of these interrelated services to public agencies.

BWA Key Services

- *Financial Plans*
- *Rate & Fee Studies*
- *Project Financing*

RATE AND FEE STUDIES Our rate studies employ a cost-of-service approach and are designed to maintain the long-term financial health of a utility enterprise while being fair to all customers. We develop practical recommendations that are easy to implement and often phase in rate adjustments over time to minimize the impact on ratepayers. We also have extensive experience developing impact fees that equitably recover the costs of infrastructure required to serve new development. BWA has completed hundreds of water and wastewater rate and fee studies. We have helped communities implement a wide range of water and sewer rate structures and are knowledgeable about the legal requirements governing rates and impact fees including Proposition 218 and Government Code 66000. We develop clear, effective presentations and have represented public agencies at hundreds of public hearings to build consensus for our recommendations.



Our offices are located in Berkeley, in a circa 1900 Victorian Building.

FINANCIAL PLANS Our financial plans provide agencies with a flexible roadmap for funding long-term operating and capital needs. We evaluate the wide range of financing options available, develop a plan that recommends the best financing approach, and clearly identify the sources of revenue for funding projects and repaying any debt. We also help agencies develop prudent financial policies, such as fund reserve targets, to support sound financial management. BWA has developed over 2,000 water and wastewater enterprise financial plans

to help public agencies fund their operating and capital programs, meet debt service requirements, and maintain long-term financial health.

PROJECT FINANCING Our project financing experience includes coordination of over 300 bond sales, bank loans, lines of credit, and a range of state and federal grant and loan programs. We generally recommend issuing debt via a competitive sale process to achieve the lowest cost financing possible. To date, we have helped California agencies obtain over \$5 billion of bond financing, \$350 million in low-rate State Revolving Fund loans and other grant and loan programs, and hundreds of millions in bank loans and lines of credit. As independent financial advisors, we work only for public agencies and do not buy, trade, or resell bonds. Our work is concentrated on providing independent advice that enables our clients to finance their projects on the most favorable terms—lowest interest rates, smallest issue size, and greatest flexibility.

Bartle Wells Associates is a charter member of the National Association of Independent Public Finance Advisors (NAIPFA), which establishes strict criteria for independent advisory firms. All of our lead consultants are Certified Independent Public Finance Advisors.



Bartle Wells Associates is committed to providing value and the best advice to our clients. Our strength is quality—the quality of advice, service, and work we do for all our clients.

Bartle Wells Associates was established in 1964 and is a California Corporation and certified State of California Small Business. The Federal ID number is 94-166440.

SCOPE OF SERVICES

This section presents a draft scope of services that we believe forms a sound basis for completing this assignment. Bartle Wells Associates will work with the City to finalize a scope of services that meets the City's objectives and schedule. This scope of services is divided into three sections:

- I. Project Initiation & Data Collection
- II. Water and Wastewater Rates
- III. Reports and Presentations

I. PROJECT INITIATION & DATA COLLECTION

1. Project Team Orientation

To initiate our work, hold a kickoff meeting with City staff and others as appropriate, to accomplish the following:

- Identify members of City staff, the City's engineering consultants, and other consultants and advisors who will participate in the project.
- Determine the roles and responsibilities of all project participants.
- Identify other parties that have a significant interest in the project, such as the City's citizens advisory committee, large customers and developers.
- Establish project schedule and key milestone dates.
- Confirm the key goals and expectations of the project team.

2. Investigation and Data Collection

Assemble the information necessary to understand the City's water and sewer systems, finances, customers and usage, rate and fee structures and legal agreements with other agencies. Assistance and cooperation of City staff and engineering consultants will be needed to assemble the background information. Investigation will include, but is not limited to, the following areas:

- Current and historical finances.
- Current water and wastewater system capacities.
- Customer classifications and characteristics.
- Current and historical water and sewer usage.
- Water and Wastewater Master Plan.
- Other City capital improvement plans.
- Conditions leading up to this study.
- Current and historical rates and fees.
- Financial policies and procedures.
- Water agreements with other agencies or organizations.
- Debt obligations.

- Other relevant information identified by the City

The objectives of investigation and data collection are to develop a complete understanding of the water and sewer systems and enterprises, and to reach an agreement on basic assumptions to be used in the study.

II. WATER & WASTEWATER RATES

Water Rates

- 1. Review Existing Water Rates and Rate Structure**
Evaluate the City's current water rate structure for adequacy and equitability. Review the effect on revenues and conservation efforts since implementing the last rate adjustment and the inclining block rate structure.
- 2. Develop Revenue Requirement**
Calculate an overall revenue requirement for operating and capital projects for the City and estimate future cost projections. This revenue requirement will be used to determine the amount of revenue that must be generated from water rates.
- 3. Evaluate Water Customer Classes and Usage Patterns**
Analyze water consumption records for residential, commercial, and industrial/institutional customers. Review the City's current rate structures. Investigate the appropriateness of current customer classes and analyze available data on water usage.
- 4. Determine Equitable Cost Allocation to Water Usage Parameters**
Determine an equitable allocation of costs to applicable water usage parameters. The cost allocations will be technically sound and straightforward and understandable. The allocations may lead to some suggestions for making adjustments or modifications to the City's current water customer classifications and rate structures.
- 5. Conduct Tier Analysis**
Develop peak-day and peak-month analysis and peak-to-average ratios for all customer classes. Calculate consumption block model in Excel that will allow City and BWA to model the impact on water sales given different tier arrangements. Model impact of tiers on water sales revenue. Determine impact of tiers on water conservation.
- 6. Calculate Water Rates and Impacts**
Based on the analysis described above, calculate updated water rates. These rates will be designed to collect the full cost of service, as necessary to meet the calculated rate-supported revenue requirement. The rates will be fair and equitable, as costs will be fairly allocated among rate components, and will be straightforward and easily explainable to members of the public.
- 7. Develop Water Rate Model**
The revenue requirement and cost of service allocation will be combined into an Excel-based wastewater rate model for future use by the City. This model will allow the City to update its rates based on changes in expenses or wastewater discharge patterns. The model will also help the City evaluate various "what-if" scenarios including rate options and changes in growth projections.
- 8. Evaluate Impacts on City Customers**

Calculate the impacts of potential rate adjustments on typical residential and commercial customer profiles. Discuss additional rate adjustments that may reduce the impact on certain customers if warranted and/or requested by the project team.

9. Develop Drought Rates

Evaluate the impacts of different levels of required cutbacks in water demand in response to a drought. Develop rate recommendations to help the City achieve required cuts to water use while ensuring adequate revenue recovery. BWA often recommends a phase in of escalating drought rate responses in response to clear trigger points.

10. Conduct Rate Survey of Regional Water Agencies

Review and summarize water rates of other regional and comparable agencies. Collect similar data for regional capacity fees if requested. Summarize results in easily understandable tables and/or charts.

11. Compliance With Proposition 218

BWA will assist the City with drafting the Prop. 218 rate notice. BWA recommends the notice go beyond the minimum legal requirements and provide clear and concise explanation of the reasons for any rate adjustments. We have found that ratepayers are generally much more accepting of rate increases when they understand why they are needed holding a public rate hearing.

Wastewater Rates

1. Review Existing Wastewater Rates and Rate Structure

Evaluate the City's current wastewater rate structure for adequacy and equitability. Review the effect on revenues since implementing the last rate increase and the adjustment from flat rates to consumption-based rates.

2. Develop Revenue Requirement

Calculate an overall revenue requirement based on operating, capital, debt service requirements and future cost projections. This revenue requirement will be used to determine the amount of revenue that must be generated from wastewater rates.

3. Analyze Customer & Usage Data

Review historical wastewater customer data and flow data by customer class, as available. Review wastewater flow and strength assumptions for the various customer classes. Calculate total estimated wastewater flows and loadings for each customer class. These total loadings will be used to determine unit rates for each parameter.

4. Determine Equitable Cost Allocation to Wastewater Usage Parameters

Allocate City expenditures to the various wastewater treatment parameters of Flow, BOD, and SS. Calculate unit costs for each treatment parameter based on the total projected loadings. The unit costs will then be applied to the loading profiles of each customer class to determine a rate per unit of flow for each class.

5. Calculate Wastewater Rates and Impacts

Based on the analysis described above, calculate updated wastewater rates. These rates will be designed to collect the full cost of service, as necessary to meet the calculated rate-supported revenue requirement. The rates will be fair and equitable, as costs will be fairly allocated among rate components, and will be straightforward

and easily explainable to members of the public.

6. Develop Wastewater Rate Model

The revenue requirement and cost of service allocation will be combined into an Excel-based wastewater rate model for future use by the City. This model will allow the City to update its rates based on changes in expenses or wastewater discharge patterns. The model will also help the City evaluate various “what-if” scenarios including rate options and changes in growth projections.

7. Evaluate Impacts on City Customers

Calculate the impacts of potential rate adjustments on typical residential and commercial customer profiles. Discuss additional rate adjustments that may reduce the impact on certain customers if warranted and/or requested by the project team.

8. Conduct Rate Survey of Regional Wastewater Agencies

Review and summarize water rates of other regional and comparable agencies. Collect similar data for regional capacity fees if requested. Summarize results in easily understandable tables and/or charts.

9. Compliance With Proposition 218

BWA will assist the City with drafting the Prop. 218 rate notice and the compliance process. BWA recommends the notice go beyond the minimum legal requirements and provide clear and concise explanation of the reasons for any rate adjustments. We have found that ratepayers are generally much more accepting of rate increases when they understand why they are needed holding a public rate hearing.

III. REPORTS & PRESENTATIONS

1. Meet with City for Recommendations & Input

Meet with City to present and discuss preliminary findings and recommendations and key alternatives to the City’s project team to receive input.

2. Prepare Draft & Final Reports & Present Findings

Submit draft report for the rate updates. Our report will summarize key findings and recommendations and discuss key alternatives when applicable. Prepare final report incorporating input received. Develop Power Point presentations and present findings and recommendations for rates at two separate City Council meetings.

3. Public Education and Consensus-Building

Rate and fee adjustments are often controversial. BWA has extensive experience developing clear presentations that facilitate public understanding of the need for rate increases. We understand the importance of building consensus and public acceptance for our recommendations and can assist the City in developing public education materials. BWA will take the lead in presenting the rate recommendations at public meetings unless directed otherwise by staff.

Additional Services

BWA will remain available to provide additional financial consulting services as requested by the City of Placerville.

City of Placerville
 Water & Wastewater Rate Study
 Proposed Project Schedule

TASK	2018							
	March	April	May	June	July	August		
1. Project Team Orientation/Kickoff Meeting								
2. Investigation and Data Collection								
RATE STUDY								
3. Water and Wastewater Rates Analysis								
4. Develop Draft Rate Recommendations and Implementation Plan								
5. Present Draft Rate Recommendations to Project Team								
6. Workshop with Council, Staff and Citizens								
7. Proposition 218 Compliance							45 days	
8. Public Hearing								

PROJECT STAFFING

Bartle Wells Associates (BWA) has a long track record of completing assignments on-schedule and on-budget. Project staff members develop realistic timelines, keep projects moving forward, and provide regular project updates to keep clients apprised of project and budget status. The focus is on communication: by maintaining frequent contact, the consultant-client project team can stay on task and meet shared benchmarks along the way.

BWA uses a team approach for all projects, typically assigning two or three consultants to each assignment, including at least one principal consultant. All project staff, from the most senior partners to financial analysts are available to clients at all times.

BWA proposes to assign Doug Dove, President of the firm, as project manager and principal-in-charge for this engagement. Doug will oversee all work, provide peer review at each step of the process, and lead all workshops with the City Council and staff. He will take responsibility for the final quality of all recommendations and work products.

Doug will be assisted by Michael DeGroot, a financial analyst. Michael will be responsible for analysis on the project and will coordinate closely with City staff to gather all of the appropriate information for the rate studies.

Resumes for Doug and Michael follow. The resumes include a description of key skills and experience along with a list of recent work assignments. Other BWA staff are available to assist the project team if needed. All BWA consultants are located at company offices in Berkeley, California.

DOUGLAS DOVE, PE, CIPFA

Project Manager

Douglas R. Dove is President of Bartle Wells Associates and directs the operation of the firm while maintaining a principal consultant's role. With over 26 years of consulting experience, he specializes in strategic financial planning, utility rate setting and bond/debt marketing. Since joining Bartle Wells Associates in 1990, he has worked for a wide variety of public agencies and developed numerous financing plans and rate studies to support small and large capital programs as well as managing over \$1 billion in municipal debt sales and the procurement of over \$300 million in state and federal grants and low-interest loans. Mr. Dove's expertise includes assisting agencies in securing state and federal grants and loans and in issuing certificates of participation (COPs), revenue bonds, general obligation bonds, assessment district bonds, Marks-Roos revenue bonds, private placement loans and other types of debt.

Representative Projects

- **City of Davis:** Long-range financial plan and water rate cost of service study to fund surface water project. Developed new conservation-oriented rate structure (consumption-based fixed rate structure). Developed the City's current water rate structure with substantial input from the URAC.
- **City of Modesto:** Wastewater rate study for large industrial customer. Assisted City in obtaining SRF financing. Developed financing plan for acquisition of privately-owned facilities serving the City.
- **City of Milpitas:** Long-range utilities water, wastewater, recycled water financial master plan and rate studies (FUMP).
- **City of Patterson:** Long-range water and wastewater financial plans and rate studies. On-call infrastructure financing and utility rate consulting. Garbage rate study.
- **East Bay Municipal Utility District:** Comprehensive water rate study, wastewater cost allocation study, financial evaluation of District's Wastewater Resource Recovery Program, water capacity fee study.
- **Alameda County Water District:** Comprehensive water/recycled water capacity fee study and update of fee structure.
- **Napa-Berryessa Resort Improvement District:** Developed financing plan for water and wastewater improvements and prepared assessment engineers report. Assisting in forming an assessment district and securing \$11.1 million in federal funding from US Department of Agriculture.
- **City of Tulare:** Financial advisor to the City, sale of \$63 million in bonds (3 issues), water and wastewater rate studies.

Education

M.S., Civil Engineering - University of California, Berkeley

B.S., Civil Engineering – Drexel University

Certifications

Certified Independent Public Finance Advisor (CIPFA), and registered Professional Engineer (PE) in California

MICHAEL DEGROOT

Financial Analyst

Michael DeGroot is a financial analyst with Bartle Wells Associates. He works closely with City staff, engineers, lawyers, and other consultants to develop equitable rate structures for water, sewer, and solid waste enterprises. Mr. DeGroot specializes in developing long-term financial plans, meter and commodity rates, surcharges, and capacity fees for Cities and special Districts. Additionally, he is experienced modifying and implementing Proposition 218 compliant rate structures and drought surcharges.

Representative Projects

- **Palmdale Water District:** Prepared a water rate study which altered the existing water budget structure to include a sixth “essential usage” tier for all customer classes. Updated the cost of service methodology to reflect actual District expenditures and developed a drought-rate surcharge. Rate increases were adopted by City Council September of 2014.
- **City of California City:** Proposed water and sewer rate structure alterations, impact fees, and miscellaneous charges in conjunction with City staff. Recommended low-cost financing options and significant rate increases designed to repair the City’s dilapidated transmission system. Drafted the Proposition 218 notification and resolution. Rate increases were passed unanimously by City Council October of 2014.
- **Indian Wells Valley Water District:** Updated the District’s water rates including zone and arsenic surcharge components. Presented rate structure options to the Board including combining 5/8” and 3/4” meters phased in over 3 years and consolidating 7 Tiers to 4 Tiers.
- **Glendale Water and Power:** Assisted with a water rate study to update the cost of service methodology and rate structure. Created a multi-year bill calculation tool for public workshops and administrative use.
- **City of Palmdale:** Developed a 5 year financial forecast for annual sewer assessment charges used to recoup costs related to the City’s collection system. Recommended rate options to City staff and drafted a final report for City Council.
- **Contra Costa Water District:** Analyzed the District’s excess use charges and developed an excel model to predict how revenues would change from changes in the excess use threshold. Analyzed several rate options including doubling and tripling the excess use rates and the effect on revenue based on price elasticity of demand for water.
- **City of Benicia:** Analyzed the City’s water and sewer billing schedules and created a consumption block analysis for the City’s water use. Updated wastewater financial projections and presented a drought rate option to City staff.

Education

B.S., Business Administration – U.C. Berkeley Walter A. Haas School of Business, Berkeley, CA

PERFORMANCE AND COST SCHEDULE

1. We are prepared to begin work upon your authorization to proceed.
2. During the project development period, we will be available at all reasonable times and on reasonable notice for meetings and for consultation with the City staff, attorneys, consulting engineers, and others as necessary.
3. Bartle Wells Associates will perform all work.
4. For the services outlined in this proposal, the not-to-exceed fees for professional services including direct expenses are: \$25,000

Our fees are subject to the following restrictions:

- a. The fees are based on completion of the project within 7 months of authorization to proceed, and assumes that the City will provide all necessary information in a timely manner. If the project is delayed beyond the anticipated completion date due to circumstances over which we have no control, we are to be reimbursed for time spent and expenses incurred beyond such date.
 - b. The fees assume one draft and one final submittal of each report. Time and expenses involved in revising tables and assumptions due to changes in data, or in preparing more than one draft and one final report, constitute additional services. All computer based models will be transferred to the City at project's conclusion.
 - c. The fee is based on 5 trips to Placerville. This includes 2 meetings with the Project Team, 2 workshops with City Council, staff, and possibly citizens, and attendance at 1 public hearing. The fee does not include additional public meetings above and beyond those mentioned above.
 - d. Direct expenses are billed as detailed in our Billing Rate Schedule 2015.
5. Progress payments and direct expenses are payable on a time and materials basis as the work proceeds as provided in our Billing Rate Schedule 2015.
 6. Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance as provided in the Certificate of Insurance attached.
 7. If the project is terminated for any reason, we are to be reimbursed for professional services and direct expenses incurred up to the time we receive notification of such termination.
 8. This proposal may be withdrawn or amended if not accepted within 90 days of its date.

BARTLE WELLS ASSOCIATES
BILLING RATE SCHEDULE 2015
Rates Effective 1/1/2015

Professional Services

Financial Analyst I.....	\$95 per hour
Financial Analyst II.....	\$135 per hour
Senior Financial Analyst.....	\$165 per hour
Senior Consultant	\$195 per hour
Principal Consultant.....	\$235 per hour

The professional time rates include all overhead and indirect costs. Bartle Wells Associates does not charge for secretarial support services and internal computer time. Expert witness, legal testimony or other special limited assignment will be billed at one and one-half times the consultant's hourly rate.

The above rates will be in effect through December 31, 2015 at which time they will be subject to change.

Direct Expenses

Subconsultants will be billed at cost plus ten percent. Word processing and computer-assisted services related to official statement production are charged as direct expenses at \$60 per hour. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- Travel, meals, lodging
- Long distance telephone and fax
- Printing and report binding
- Special statistical analysis
- Outside computer services
- Bond ratings
- Automobile mileage
- Messenger services and mailing costs
- Photocopying
- Graphic design and photography
- Special legal services
- Legal advertisements

Insurance

Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Additional or special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

Payment

Fees will be billed monthly for the preceding month, and will be payable within 30 days of the date of the invoice. A late charge of 1.0 percent per month may be applied to balances unpaid after 60 days.

SCHEDULE OF INSURANCE

Insured: BARTLE WELLS ASSOCIATES

Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.

TYPE OF INSURANCE	COMPANY POLICY NUMBER	COVERAGES AND LIMITS	EXP. DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ▪ \$4,000,000 General Aggregate ▪ \$4,000,000 Products Comp/Op Aggregate ▪ \$2,000,000 Personal & Advertising Injury ▪ \$1,000,000 Each Occurrence ▪ \$1,000,000 Aggregate ▪ \$1,000,000 Each Occurrence 	6/1/15
Excess/Umbrella Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ▪ \$1,000,000 Aggregate ▪ \$1,000,000 Each Occurrence 	6/1/15
Automobile Liability	Hartford Insurance Company Policy #35-UEC VU2842	<ul style="list-style-type: none"> ▪ \$1,000,000 Combined Single Limit 	6/1/15
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	<p>Workers' Compensation: Statutory Limits for the State of California. Employers' Liability:</p> <ul style="list-style-type: none"> ▪ Bodily Injury by Accident - \$1,000,000 each accident ▪ Bodily Injury by Disease - \$1,000,000 each employee ▪ Bodily Injury by Disease - \$1,000,000 policy limit 	6/1/15
Professional Liability	Chubb & Son, Inc. \$1714947	Solely in the performance of services as municipal financing consultants for others for a fee.	6/1/15
Excess Professional Liability	ACE G27437606001	<p>Limit: \$2,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses).</p> <p>Excess Professional. Limit: \$3,000,000 Per Occ. & Aggregate</p>	