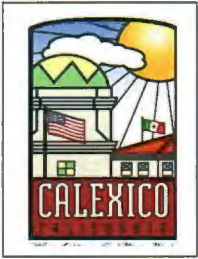


**AGENDA
ITEM**

6



AGENDA STAFF REPORT

DATE: April 5, 2023

TO: Mayor and City Council

APPROVED BY: Esperanza Colio Warren, City Manager *Esperanza Colio Warren*

PREPARED BY: Lilliana Falomir, Public Works Manager – Administrative *Lilliana Falomir*

REVIEWED BY: Sandra L. Fonseca, Interim Finance Director *Sandra L. Fonseca*

SUBJECT: Authorize City Manager to Sign Agreement of Professional Services with Willdan Financial Services in the Amount of \$61,995.00 for Water and Sewer Rate and Connection Fee Study.

=====

Recommendation:

Authorize City Manager to Sign Agreement of Professional Services with Willdan Financial Services in the Amount of \$61,995.00 for Water and Sewer Rate and Connection Fee Study.

Background:

On March 7, 2023, the City of Calexico requested proposals from qualified professional firms to conduct a cost-of-service rate study for the City's water and wastewater utilities; recommend changes to the rate structure and rate adjustments to fully cover the cost of operating, maintaining and upgrading the water and wastewater systems.

The City of Calexico owns and operates a water treatment plant, water distribution system, wastewater collection and treatment systems. The City provides service within its jurisdictional boundaries and within unincorporated areas outside City limits.

Other local cities have recently increased their water and wastewater rates due to rising costs to purchase, treat and distribute water; and collect and treat wastewater to increasingly stricter State of California Department of Water Resources regulations. Infrastructure that was installed in the mid 1900's is starting to fail and requires costly replacement.

The City last conducted a Water and Sewer Rate and Connection Fee Study

AGENDA ITEM 6

in 2018, with annual increases through July 1, 2022. Also, the City has identified a substantial Capital Improvement Program (CIP) for the next five years that requires funding.

Discussion & Analysis:

On March 21, 2023, the Office of the City Clerk received two (2) proposals:

#	Company	Amount
1	Willdan Financial Services	\$61,995.00
2	Raftelis	\$89,928.00

After receipt of all proposals, City staff evaluated the written proposals and rank them accordingly. The firm that scored the highest was Willdan Financial Services based on the following factors:

- Experience with similar water and sewer rate and connection fee study.
- Responsiveness and understanding of work to be done.
- Familiarity and/or specific experience with local, state and federal project procedures.

City staff recommends that the City Council of the City of Calexico authorize the City Manager to sign Agreement of Professional Services with Willdan Financial Services for Water and Sewer Rate and Connection Fee Study.

Fiscal Impact:

Capital Improvement Program Budgeted Item for FY 2022-2023	
Fund No. 516-90-977-55001-000 (Water Enterprise Fund)	\$30,997.50
Fund No. 547-90-977-55001-000 (Wastewater Enterprise Fund)	\$30,997.50
Total	\$61,995.00

Coordinated With:

City Manager’s Office.
 Finance Department.
 Public Works Department.

Attachment(s):

1. Agreement of Professional Services between City of Calexico and Willdan Financial Services.
2. Request for Proposals for Water and Sewer Rate and Connection Fee Study.
3. Addendum No. 1 for Request for Proposals for Water and Sewer Rate and Connection Fee Study.

ATTACHMENT #1

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of the 5th day of April, 2023, by and between the City of Calexico ("City") and Willdan Financial Services ("Consultant").

RECITALS

- A. Consultant is specially trained, experienced and competent to perform the special services which will be required by this Agreement; and
- B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.

AGREEMENT

1. **Scope of Services.** The Consultant shall furnish the following services in a professional manner. Consultant shall perform the services described on Exhibit A which is attached hereto and incorporated herein by reference. Consultant shall provide said services at the time, place, and in the manner specified in Exhibit A, subject to the direction of the City through its staff that it may provide from time to time.
2. **Time of Performance.** The services of Consultant are to commence upon execution of this Agreement and shall continue until all authorized work is approved by the City. All such work shall be completed no later than December 31, 2024. Time is of the essence for every provision of this agreement that states a time for performance and for every deadline imposed by the City.
3. **Compensation.** Compensation to be paid to Consultant shall be as set forth in Exhibit B, which is attached hereto and incorporated herein by reference. Payment by City under this Agreement shall not be deemed a waiver of defects, even if such defects were known to the City at the time of payment.
4. **Method of Payment.** Consultant shall submit monthly billings to City describing the work performed during the preceding month. Consultant's bills shall include a brief description of the services performed, the date the services were performed, the number of hours spent and by whom, and a description of any reimbursable expenditures. City shall pay Consultant no later than 30 days after approval of the monthly invoice by City staff.
5. **Ownership of Documents.** All plans, studies, documents and other writings prepared by and for Consultant, its officers, employees and agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the City upon payment to Consultant for such work, and the City shall have the sole right to use such materials in its discretion without further compensation to Consultant or to any other party. Consultant shall, at Consultant's

expense, provide such reports, plans, studies, documents and other writings to City upon written request.

6. Independent Contractor. It is understood that Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and shall not act as an agent or employee of the City. Consultant shall obtain no rights to retirement benefits or other benefits which accrue to City's employees, and Consultant hereby expressly waives any claim it may have to any such rights.
7. Interest of Consultant. Consultant (including principals, associates and professional employees) covenants and represents that it does not now have any investment or interest in real property and shall not acquire any interest, direct or indirect, in the area covered by and during this Agreement or any other source of income, interest in real property or investment which would be affected in any manner or degree by the performance of Consultant's services hereunder. Consultant further covenants and represents that in the performance of its duties hereunder no person having any such interest shall perform any services under this Agreement.

Consultant is not a designated employee within the meaning of the Political Reform Act because Consultant:

- a. will conduct research and arrive at conclusions with respect to his/her rendition of information, advice, recommendation or counsel independent of the control and direction of the City or of any City official, other than normal agreement monitoring; and
 - b. possesses no authority with respect to any City decision beyond rendition of information, advice, recommendation or counsel. (FPPC Reg. 18700(a)(2).)
8. Professional Ability of Consultant. City has relied upon the professional training and ability of Consultant to perform the services hereunder as a material inducement to enter into this Agreement. Consultant shall therefore provide properly skilled professional and technical personnel to perform all services under this Agreement. All work performed by Consultant under this Agreement shall be in accordance with applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent professionals in Consultant's field of expertise.
 9. Indemnity. Consultant agrees to indemnify, including the cost to defend, the City, and its officers, agents and employees from any and all claims, demands, costs or liability that arise out of, or pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant and its agents in the performance of services under this contract. This indemnity does not apply to liability for damages for death or bodily injury to persons, injury to property, or other loss, damage or expense arising from the sole negligence, willful misconduct or defects in design by the City or its agents, servants, or independent contractors who are directly responsible to the City, or the active negligence of the City.

To the fullest extent permitted by law, the Consultant shall (1) immediately defend and (2) indemnify the City, and its councilmembers, officers, agents, and employees from and against all liabilities regardless of nature or type that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, or its employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation, all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. The Consultant's obligation to indemnify applies unless it is finally adjudicated that the liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an indemnified party, then Consultant's indemnification obligation shall be reduced in proportion to the established comparative liability.

- (b) The duty to defend is a separate and distinct obligation from Consultant's duty to indemnify. Consultant shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the City, the City and its councilmembers, officers, agents, and employees, immediately upon tender to Consultant of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination that persons other than Consultant are responsible for the claim does not relieve Consultant from its separate and distinct obligation to defend under this section. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if Consultant asserts that liability is caused in whole or in part by the negligence or willful misconduct of the indemnified party. If it is finally adjudicated that liability was caused by the comparative active negligence or willful misconduct of an indemnified party, Consultant may submit a claim to the City for reimbursement of reasonable attorneys' fees and defense costs in proportion to the established comparative liability of the indemnified party.
- (c) The review, acceptance or approval of the City's work or work product by any indemnified party shall not affect, relieve or reduce the City's indemnification or defense obligations. This Section survives completion of the services or the termination of this contract. The provisions of this Section are not limited by and do not affect the provisions of this contract relating to insurance.

10. Insurance Requirements.

- a. Consultant, at Consultant's own cost and expense, shall procure and maintain, for the duration of the contract, the following insurance policies.
 - i. Workers' Compensation Coverage. Consultant shall maintain Workers' Compensation Insurance and Employer's Liability Insurance for his/her

employees in accordance with the laws of the State of California. In addition, Consultant shall require each subcontractor to similarly maintain Workers' Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of California for all of the subcontractor's employees. Any notice of cancellation or non-renewal of all Workers' Compensation policies must be received by the City at least thirty (30) days prior to such change. The insurer shall agree to waive all rights of subrogation against City, its officers, agents, employees and volunteers for losses arising from work performed by Consultant for City. This provision shall not apply if Consultant has no employees performing work under this Agreement. If the Consultant has no employees for the purposes of this Agreement, Consultant shall sign the "Certificate of Exemption from Workers' Compensation Insurance" which is attached hereto as Exhibit C.

- i. General Liability Coverage. Consultant shall maintain commercial general liability insurance in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit.
- iii. Automobile Liability Coverage. Consultant shall maintain automobile liability insurance covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with the work to be performed under this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount of not less than two million dollars (\$2,000,000) combined single limit for each occurrence.
- iv. Errors and Omissions Liability. Consultant shall maintain errors and omissions liability insurance for all work performed under this Agreement in an amount of not less than two million dollars (\$2,000,000).
- b. Policy Endorsements. Each general liability and automobile liability insurance policy shall be with insurers possessing a Best's rating of no less than A:VII and shall be endorsed with the following specific language:
 - i. The City of Calexico, its elected or appointed officers, officials, employees, agents and volunteers are to be covered as additional insureds with respect to liability arising out of work performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work or operations.
 - ii. This policy shall be considered primary insurance as respects the City, its elected or appointed officers, officials, employees, agents and volunteers.

Any insurance maintained by the City, including any self-insured retention the City may have, shall be considered excess insurance only and shall not contribute with it.

- iii. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.
 - iv. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents or volunteers.
 - v. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days written notice has been received by the City.
- c. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the City's option, Consultant shall demonstrate financial capability for payment of such deductibles or self-insured retentions.
 - d. Certificates of Insurance and Endorsements. Consultant shall provide certificates of insurance with original endorsements to City as evidence of the insurance coverage required herein. Certificates of such insurance shall be filed with the City on or before commencement of performance of this Agreement. Current certification of insurance shall be kept on file with the City at all times during the term of this Agreement.
11. Compliance with Laws. Consultant shall use the standard of care in its profession to comply with all applicable federal, state and local laws, codes, ordinances and regulations.
 12. Licenses. Consultant represents and warrants to City that it has all licenses, permits, qualifications, insurance and approvals of whatsoever nature which are legally required of Consultant to practice its profession. Consultant represents and warrants to City that Consultant shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, insurance and approvals which are legally required of Consultant to practice its profession. Consultant shall obtain a City of Calexico Business License.
 13. Controlling Law Venue. This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this Agreement shall be held exclusively in a state court in the County of Imperial, California.

14. Written Notification. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be in writing and either served personally or sent prepaid, first class mail. Any such notice, demand, etc. shall be addressed to the other party at the address set forth herein below. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this section.

If to City: City of Calexico, City Manager
608 Heber Ave.
Calexico, CA 92231

If to Consultant: Willdan Financial Services
27368 Via Industria, Suite 200
Temecula, CA 92590

15. Consultant's Books and Records.
- a. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to City for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to Consultant to this Agreement.
 - b. Consultant shall maintain all documents and records which demonstrate performance under this Agreement for a minimum period of three (3) years, or for any longer period required by law, from the date of termination or completion of this Agreement.
 - c. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the City Manager, City Attorney, City Auditor or a designated representative of these officers. Copies of such documents shall be provided to the City for inspection at City Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Consultant's address indicated for receipt of notices in this Agreement.
 - d. Where City has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of Consultant's business, City may, by written request by any of the above named officers, require that custody of the records be given to the City and that the records and documents be maintained in City Hall. Access to such records and documents shall be granted to any party authorized by Consultant, Consultant's representatives, or Consultant's successor-in-interest.

16. Entire Agreement. This Agreement constitutes the complete and exclusive statement of Agreement between the City and Consultant. All prior written and oral communications, including correspondence, drafts, memoranda, and representations, are superseded in total by this Agreement.
17. Amendments. This Agreement may be modified or amended only by a written document executed by both Consultant and City and approved as to form by the City Attorney.
18. Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder.
19. Execution. This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one copy hereof shall have been signed by both parties hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.
20. Assignment and Subcontracting. The parties recognize that a substantial inducement to City for entering into this Agreement is the professional reputation, experience and competence of Consultant. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express consent of the City. Consultant shall not subcontract any portion of the work to be performed under this Agreement without the written authorization of the City. If City consents to such subcontract, Consultant shall be fully responsible to City for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between City and subcontractor nor shall it create any obligation on the part of the City to pay or to see to the payment of any monies due to any such subcontractor other than as otherwise is required by law.
21. Termination. This Agreement may be terminated by the City immediately for cause or by either party without cause upon fifteen days' written notice of termination. Upon termination, Consultant shall be entitled to compensation for services performed up to the effective date of termination.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first written above.

CITY OF CALEXICO:

CONSULTANT:

Esperanza Colio Warren
City Manager

APPROVED AS TO FORM:

ATTEST:

Carlos Campos
City Attorney

Gabriela Garcia
City Clerk

EXHIBIT A

SCOPE OF SERVICES

(proposal dated March 20, 2023)

City of Calexico, CA

Water and Sewer Rate and Connection Fee Study



Cover Letter



March 20, 2023

Ms. Lilliana Falomir
Public Works Manager
City of Calexico
608 Heber Avenue
Calexico, CA 92231

Re: Proposal to Provide Water and Sewer Rate and Connection Fee Study for the City of Calexico

Dear Ms. Falomir:

Based on review of the Request for Proposals, information obtained from the City's most recent budget and audited financial statements, and our considerable experience in utility rate and financial consulting for cities, Willdan Financial Services ("Willdan") is pleased to submit the following proposal to provide water and wastewater rate and connection fee study consulting services on behalf of the City of Calexico ("City"). Willdan welcomes this opportunity to once again work with Calexico and is committed to collaborating with the City on the development of a comprehensive financial and rate model, as well as evaluating the financial plan and rate alternatives.

The City is facing key challenges for both utilities that Willdan will help address, including the following:

- Recent operating results have been mostly positive, and the Adopted Budget projects balance in the budgets for both utilities. However, it is noted in the Budget that available funding for capital projects, from net operating results, has declined. Availability of this continued funding will need to be addressed and incorporated into the analysis and financial plan developed for this proposed Rate Study.
- As discussed in more detail in the Project Understanding in this proposal, the Capital Improvement Plan in the Budget includes significant projects for both utilities. We will ensure that the financial plan developed during this study includes allowance for funding these projects, as well as repayment of debt related to them and maintenance of debt service coverage.
- There are relatively new (2020) bond issuances for both utilities, so inclusion of funding for payment of debt service and maintenance of debt service coverage will also be considered in this study.
- The RFP proposes an aggressive timeline for completion of this Rate Study and implementation of any proposed new rates. Through our work on the most recent Rate Study, we maintain knowledge of the City and its utilities, and we maintain the financial model that was developed for that study. This will allow us to engage more quickly than a new consultant who hasn't worked with the City.

Willdan's interactive approach will result in a customized Excel financial model, that the City will retain, as well as a focused and tailored analysis of the City's current rates, revenues, capital project and operational expenditures, debt commitments, reserve funding, and other financial data. The culmination of our analysis will be a comprehensive financial management plan that develops projected system operating results for the next ten (10) fiscal years, and suggested rates for up to five (5) years. We will employ our proven interactive approach, supported with advanced financial modeling techniques, to develop a sophisticated and flexible financial model to help us guide the City through operating and financial scenarios, while evaluating the impact of policy assumptions, and performing sensitivity analysis on utility rates and financial strategies.

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

Direct Recent Experience with the City of Calexico — Willdan successfully partnered with the City on the completion of the previous Water and Sewer Rate Study. ***We maintain the model from this previous project, and all the data; both of which will provide us critical insight and basis for comparison as we undertake this updated study, and allow us to engage quickly, providing the best likelihood of meeting the City's aggressive timeline.*** Our team will bring the same level of professionalism and expertise the City came to expect in our previous work, the understanding of the community, the City, its Staff and the utility systems to this proposed engagement. ***Where possible, we will leverage our knowledge of your operations and relationships with key staff to facilitate and expedite our data gathering and work, focusing less time on data gathering and more on analysis. This will allow us to provide cost-effective, timely and meaningful analysis and insight, while our understanding of the City will reduce questions and streamline the process.***

Our understanding of the City's utilities is enhanced after reviewing financial information available on the City's web site. Our experience will benefit Calexico as it strives to ensure utility enterprise funds are able to meet financial obligations and ensure long-term financial stability, while minimizing, to the best extent possible, impacts of rate increases on its customers.

Direct and Recent Experience with Cities and Projects with Same Objectives as Calexico — Willdan has worked recently with numerous cities on water and wastewater rate studies with objectives that closely mirror those outlined in the City's RFP and discussed above – analyzing the current financial plan for the utilities, understanding the impact of capital projects and changing operations, and ensuring sufficient and stable funding for ongoing and projected needs.

We recently completed successful comprehensive studies for the Cities of Blythe, Lomita, Lakeport, La Palma, Soledad, Guadalupe, Grover Beach, the McKinleyville Community Services District, and are currently working with the Cities of Vacaville, Dinuba and Fillmore, and the Town of Apple Valley, with objectives and experience that relate closely to the goals of the City's proposed study.

Unmatched Experience Developing and Implementing Utility Rates — Willdan is nationally recognized for its expertise in developing and implementing utility system financial planning, rate, and impact fee studies, and has extensive experience in California implementing **Proposition 218** compliant rate structures, in consultation with leading Proposition 218 legal experts.

Unique Approach — Our approach to the development of financial models and analysis for sewer and water utilities has been carefully honed over the years. We will **work collaboratively with City staff to carefully assess and understand the City's unique utility system concerns and issues, clarify goals and objectives for the study, and develop a tailored approach that will best serve your needs.** We do not use a "cookie-cutter" approach, but rather bring a combination of planning and financial expertise providing a thorough understanding of utility operations and management. A key to our approach is the use of a sophisticated and dynamic model and dashboard that allows us to quickly evaluate alternatives resulting from changes in assumptions and input variables, to address different policy and financial objectives.

Communicating the Results — Sound technical analysis is only one element of this process. It will be equally important to effectively communicate the results and implications of the proposed rate structures to City Staff, City Councilmembers, key stakeholders, and **ultimately to those that will be subject to new rates.**

Most of our projects incorporate significant community and/or stakeholder involvement and education efforts, and our experienced consultants excel in communicating complicated technical analysis in a manner that is easy to follow and understand. **The intuitive setup of our financial models allows Willdan to discuss and present critical information in a way that facilitates outreach and maximizes engagement.** Our reports and presentations provide a solid understanding of the project and the rationale behind the development of the rates.

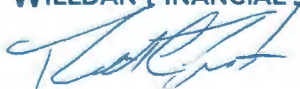
Willdan has the availability to dedicate time, personnel, and appropriate levels of resources to this effort, with a commitment to the availability of the firm and all key project staff during the contract period. I, Chris Fisher, will serve as the primary contact person for this proposal; as an officer of the firm, I am authorized to negotiate and bind Willdan Financial Services. Provided in the table below is my contact information.

Willdan Financial Services
Proposal Contact
Chris Fisher Vice President / Director 27368 Via Industria, Suite 200 Temecula, CA 92590 Tel #: (951) 587-3500 Email: CFisher@Willdan.com

Willdan maintains exceptional experience in utility cost of service and rate analysis and is excited about this opportunity to use our skills and expertise to serve the City of Calexico. Willdan acknowledges herein its willingness to maintain all specified fees and services for 90 days after the closing date of March 21, 2023.

Sincerely,

WILLDAN FINANCIAL SERVICES



Chris Fisher
Vice President / Director

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Cost and Fees Under Separate Cover

Summary of Qualifications and Experience

Firm History and Organizational Structure

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

A financially stable company, Willdan has over 1,500 employees working in more than a dozen states across the U.S. Our employees include a number of nationally recognized Subject Matter Experts for all areas related to the broadest definition of connected communities—**three of whom are committed to contribute their expertise throughout the duration of the City of Calexico's Utility Rate Study engagement.**

Willdan has solved economic, engineering and energy challenges for local communities and delivered industry-leading solutions that have transformed government and commerce. Today, we are leading our clients into a future accelerated by change in resources, infrastructure, technology, regulations, and industry trends.



Firm Legal Status

Established on June 24, 1988, Willdan Financial Services, a California Corporation, is a national firm and is one of the largest public sector economic and financial analysis consulting firms in the United States. Since that time, we have helped over 800 public agencies successfully address a broad range of infrastructure challenges.

Engagement Location

The following table provides the location of our Division Headquarters in Temecula where the City of Calexico engagement will be conducted, as well as our satellite offices.

Willdan Financial Services		
Office Locations		
Division Headquarters		
27368 Via Industria, Suite 200, Temecula, California 92590 Tel: (800) 755-6864 Fax: (888) 326-6864		
<p>Aurora, CO 3190 S. Vaughn Way Suite 550, Office 523 Aurora, Colorado 80014 (303) 990-4616</p>	<p>Orlando, FL 200 South Orange Avenue Suite 1550 Orlando, Florida 32801 (407) 872-2467</p>	<p>Plano, TX 5500 Democracy Lane Suite 130 Plano, Texas 75024 (972) 378-6588</p>
<p>Oakland, CA 66 Franklin Street Suite 300 Oakland, California 94607 (510) 832-0899</p>	<p>Phoenix, AZ 1440 E. Missouri Ave Suite C-170 Phoenix, Arizona 85014 (602) 870-7600</p>	<p>Washington, DC 1025 Connecticut Ave. NW Suite 1000 Washington, DC 20036 (202) 510-0511</p>

Slate of Officers

Provided in the table below are the slate of officers for Willdan Financial Services.

Willdan Financial Services		
Slate of Officers		
Thomas D. Brisbin Chairman of the Board	Mark J. Risco President and CEO	Creighton K. Early Chief Financial Officer
Chris Fisher Vice President / Group Director		Gladys Medina Vice President / Group Director
Dan Jackson Vice President	Jeff McGarvey Vice President	Josephine Moses Vice President
Kate Nguyen Secretary	Rebekah Smith Assistant Secretary	Cathy Steele Assistant Secretary

Primary Business

Willdan assists local public agencies by providing the following services:

Willdan Financial Services	
Services	
<ul style="list-style-type: none"> ▪ User fee studies ▪ Cost allocation plan studies ▪ Utility rate and cost of service studies ▪ Real estate economic analysis ▪ Municipal advisory services ▪ District administration services ▪ Property tax audits ▪ Economic development strategic plans 	<ul style="list-style-type: none"> ▪ Development impact fee establishment and analysis ▪ Tax increment finance district formation and amendment ▪ Feasibility studies ▪ Housing development and implementation strategies ▪ Arbitrage and continuing disclosure services ▪ Debt issuance support ▪ Long-term financial plans and cash flow modeling

Qualifications and Resumes

Our management and supervision of the project team is very simple: fill every position with experienced, capable personnel in sufficient numbers to deliver a superior product to the City, on time and on budget. With that philosophy in mind, we have selected the following professionals for this engagement. We are confident that our team possesses the depth of experience that will successfully fulfill your desired work performance. With our team’s extensive in-house experience, no subconsultants will be utilized for this project.

Project Team

City of Calexico Project Team		
Key Team Member	Project Role	Responsibility to the Engagement
Chris Fisher	Principal-in-Charge / Project Manager	<ul style="list-style-type: none"> ▪ Technical guidance; ▪ Project oversight; ▪ Responsible for project deliverables; ▪ Stakeholder outreach; ▪ Review of deliverables and Quality Control; and ▪ Meeting and presentation attendance.
Michael Cronan	Lead Financial Analyst	<ul style="list-style-type: none"> ▪ Collect, coordinate, interpret, and analyze key data; ▪ Lead development of the model and financial plan; ▪ Attendance at presentations and meetings; and ▪ Report preparation.
Kevin Burnett, MA	Technical Advisor / Quality Control Manager	<ul style="list-style-type: none"> ▪ Task oversight; ▪ Report evaluation; ▪ Quality assurance & control; and ▪ Ensures procedural integrity.

Project Manager / Staff Continuity

Mr. Fisher has been assigned to serve as the City’s representative; and has been selected for this role due to his extensive experience, which includes the preparation and supervision of numerous utility rate studies, as well as his experience presenting to governing bodies, stakeholders, and industry groups.

It is important to note that Mr. Fisher has been with Willdan for 23 years, ensuring the City of Calexico of continuity and dedication in staffing during the completion of the project.

Willdan is composed of over 1,500 employees, including a cadre of public finance experts. If necessary, Mr. Fisher can recruit additional, qualified individuals from our employee roster to assist with the completion of this engagement to deliver the final materials on time and within budget. We do not anticipate staffing changes during the course of the project, however, should the situation arise, any change in team members will be discussed and approved in concert with the City prior to the change being made.

Resumes

Resumes for Willdan’s project team are presented on the following pages.

Chris Fisher Principal-in-Charge / Project Manager

Education

Bachelor of
Science, Finance;
San Francisco
State University

Areas of Expertise

Multi-disciplinary Team
Management

Special District
Formations

Cost of Service
Studies

Proposition 218

Utility Rate Studies

Affiliations

California Society of
Municipal Finance
Officers

Municipal Management
Association of
Northern California

California Municipal
Treasurers Association

23 Years' Experience

Mr. Chris Fisher has been selected to serve as principal-in-charge and project manager of the City's engagement, due to his experience managing multi-disciplinary teams. He also possesses extensive knowledge specific to Proposition 218 compliance.

Mr. Fisher is a Willdan Financial Services Vice President and Financial Consulting Services Director. With 23 years at Willdan, he has managed an array of financial consulting projects for public agencies throughout California, Arizona, Texas, Colorado, and Florida; coordinating the activities of resources within Willdan, as well as those from other firms working on these projects.

Select Relevant Experience

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

City of Lakeport, CA – Water and Wastewater Fee Study: Mr. Fisher led the engagement for Lakeport in the role of the principal-in-charge. The project included the completion of a comprehensive financial model, with multiple iterations and alternatives to address a situation where the City had not increased rates in several years. He led discussions with staff to outline the options and make adjustments as necessary. He also worked closely with the City and its legal counsel to update rates and to incorporate tiers while ensuring compliance with Proposition 218 and the San Juan Capistrano Court decision.

City of Grover Beach, CA – Water and Wastewater Rate Study: In the role of principal-in-charge, Mr. Fisher led the City's utility rate study, which included the preparation of a comprehensive financial plan, along with cost-of-service analysis and development of updated rates. The financial plan prepared contained various options and scenarios for City Staff's consideration, including shifting from a uniform water rate structure to either a two- or three-tiered structure. The City's utilities were in relatively good health, so major increases were not recommended.

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

City of Guadalupe, CA – Water and Sewer Utility Rate Study: Mr. Fisher served as the principal-in-charge for the City's recent water and sewer rate study, providing technical assistance throughout the project, conducting working discussions with City Staff to evaluate financial and rate options, and coordinating the project. He oversaw the development of the comprehensive financial plan, and preparation of rate alternatives and analysis. This engagement included the development of a comprehensive financial model and updated water and sewer rates, including identification of the rates of comparable jurisdictions and a comparative rate and cost analysis.

City of Lomita, CA — Water Rate Study: Mr. Fisher is the assigned principal-in-charge for the City's Water Rate Study. This project is ongoing, with initial development of the financial model and rate alternatives completed. The City is currently updating estimates for several key capital projects, which will be incorporated into the analysis before finalizing rates. The remainder of the study will entail completion of the report, Prop 218 notices, and attendance at Council meetings and the Public Hearing.

C. Fisher
Resume Continued

City of Claremont, CA — Sewer Rate Study: Mr. Fisher was the principal-in-charge for the City's sewer rate study. The team generated multiple alternative rate structures for the City in preparation of updating their sewer utility rates and presented them to staff for their consideration.

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

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

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

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

Michael Cronan Lead Financial Analyst

Education

*Bachelor of Arts
and Science;
University of Central
Florida*

Areas of Expertise

Utility Rate Studies

User Fee Studies

*Financial Forecast
Modeling*

5 Years' Experience

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

Select Relevant Experience

City of La Palma, CA — Water and Wastewater Utility Rate Study: Mr. Cronan was assigned to the La Palma engagement as the lead financial analyst. He worked directly with staff at the City to conduct financial analysis, which included the evaluation of alternatives for rate adjustments that incorporated different capital funding scenarios and operating budget assumptions, as well as the preparation of reports and Prop 218 documents. He was also instrumental in the development of the financial model.

City of Guadalupe, CA – Water and Wastewater Rate Study: Mr. Cronan provided analytical support for the City's utility rate study. He was responsible for gathering and verifying data, as well as assisting with the development of the model. He also worked directly with City Staff to present results and options and develop alternatives.

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

City of Lakeport, CA — Water and Sewer Rate Study: Mr. Cronan provided analytical support to the senior project team members and led the development of the financial model as the project analyst for the City's ongoing utility rate study. He worked directly with staff at the City to evaluate financial plan alternatives, particularly for sewer where years of deferred rate increases, and a significant capital plan required careful consideration. He also led the revamp of the City's cost-of-service approach, working closely with a leading Prop 218 attorney, to ensure rates were compliant with State law.

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

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

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

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

M. Cronan

Resume Continued

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

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

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

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

Kevin Burnett, MA

Technical Advisor and Quality Control Manager

Education
*Master of Arts,
Economics, State
University of New
York, Buffalo*

*Bachelor of Arts,
University of
Waterloo, Ontario*

Areas of Expertise

Financial Planning

*Cost of Service
Studies*

Rate Design

Impact Fees

Bond Feasibility

Affiliations

*American Water
Works Association*

**22 Years'
Experience**

Mr. Kevin Burnett is a Senior Project Manager with 22 years of utility analysis experience, possessing extensive experience with utility rate and cost of service studies for retail and wholesale use. His project experience includes water, wastewater, reuse, and stormwater rate studies using state-of-the-art utility financial planning tools. He has developed both short and long-term financial plans for utilities of all sizes – including regional water authorities and regional wastewater providers with individual wholesale service contracts.

Select Relevant Experience

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

City of Grover Beach, CA – Water and Wastewater Rate Study: Mr. Burnett led the City's water and wastewater rate study, which included the preparation of a comprehensive financial plan, along with cost-of-service analyses and development of updated rates. He presented the financial plan and outlined the various options and scenarios for City Staff's consideration, including shifting from a uniform water rate structure to a two-tiered structure.

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

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

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

Town of Apple Valley, CA — Wastewater Rate Study: Mr. Burnett was the technical project lead for the comprehensive wastewater rate study for the Town. The study encompassed the preparation of a financial plan and rate model, and a thorough review and update of the Town's rate structure. The Town uses an EDU based wastewater rate structure, which Willdan evaluated and adjusted where necessary. Mr. Burnett created the financial and rate model and completed the technical analysis and preparation of the report and other study documents. He worked extensively with the Town's legal counsel on the report to ensure that it provided the necessary level of detail to support defensibility. The analytical portion of the project is complete and pending the completion of the Proposition 218 approval process.

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

K. Burnett

Resume Continued

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

City of Dinuba, CA – Water, Sewer, and Solid Waste Rate Study: The City had undergone a period of declining net revenues and an inability to fully fund capital repair and replacement needs. In the role of lead analyst, Mr. Burnett worked with City Staff to update the rate structures to ensure class cost of service-based water rates that promote conservation and adhere to Proposition 218 requirements. Multiple water and sewer financial plans were developed and presented to Council for consideration.

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

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

References

Provided below are recent project descriptions, including client contact information, which are similar in nature to those requested by the City. We are proud of our reputation for customer service and encourage you to contact our clients regarding our commitment to completing these assignments within the agreed upon project budget and schedule.

McKinleyville Community Services District, CA Water & Sewer Rate & Capacity Fee Study

Willdan recently assisted MCSD with a water and sewer rate study, where rates were successfully adopted for five years, for both utilities. The project included a rigorous evaluation of the CIPs for both utilities, testing of scenarios to understand the financial impacts on customers and mitigate rate increases. The District takes a conservative and aggressive approach to completing capital projects and accumulating reserves to protect itself from unanticipated events, so our modeling included multiple provisions to present, discuss and evaluate options. The project included the preparation of the comprehensive model and financial plan, which analyzed projections for both utilities for ten years, preparation of reports, preparation and mailing of Prop 218 notices, and presentation of results to the Board of Directors. Rates were successfully adopted in November 2022.

Client Contact: Mr. Patrick Kaspari, PE, General Manager
1656 Sutter Road, McKinleyville, CA 95519
Tel #: (707) 839-3251 | Email: pkaspari@mckinleyvillecsd.com

City of Lakeport, CA Water and Sewer Rate Study

Willdan assisted the City of Lakeport with the development of a water and wastewater utility rate study. The scope of services included development of the financial plan, model, and reports, including the adjustment of the tiered rate structure. The City was in the position of needing potentially significant rate increases, so we worked collaboratively with them throughout the process to evaluate options for the financial plan to address the needs of the utilities, while balancing the impact on ratepayers.

Willdan team members worked closely with the City's Proposition 218 legal counsel to update the City's water rate structure while ensuring compliance with the applicable provisions of the California Constitution, as well as the San Juan Capistrano court decision.

Client Contact: Nick Walker, Assistant City Manager, Finance Director
225 Park Street, Lakeport, CA 95453
Tel #: (707) 263-5615 x 301 | Email: nwalker@cityoflakeport.com

City of Sebastopol, CA Water and Wastewater Fee Study

Willdan was selected in 2019 to assist the City of Sebastopol with a water and wastewater rate study, and preparation of a financial plan. The overall objective of the study was to update water and wastewater rates to address capital needs for both utilities, and ensure rates provided adequate funding for ongoing operations and maintenance.

For this project, Willdan gathered and validated extensive data for the project, including budget and customer usage data, simplified the water and wastewater rate structures, prepared a comprehensive financial model, and presented alternatives and scenarios to City staff.

We presented the results and recommendations to City Council, addressing questions and concerns from the public and from Council, and assisted Staff after the conclusion of the project to understand how to use the model on their own going forward. Council adopted the study's recommendations.

Client Contact: Ana Kwong, Administrative Services Director
7120 Bodega Avenue, Sebastopol, CA 95472
Tel #: (707) 824-4879 | Email: akwong@cityofsebastopol.org

City of Grover Beach, CA Water and Wastewater Rate Study

Willdan was selected in 2020 to complete a water and sewer rate study for the City of Grover Beach. The project included the completion of a comprehensive financial plan, along with cost-of-service analysis and development of updated rates. We collected and evaluated the necessary data, prepared the financial plan with various options and scenarios for City staff's consideration, including shifting from a uniform water rate structure to either a two- or three-tiered structure, and prepared and submitted the rate study report with the selected approach.

The City's utilities were in relatively good health, so major increases were not recommended. Currently the City Council has received the rate report and recommendations, the date has been set for the Public Hearing as required by Proposition 218.

Client Contact: Deanne Purcell, Administrative Services Director
154 South 8th Street, Grover Beach, CA 93433
Tel #: (805) 473-4555 | Email: dpurcell@groverbeach.org

City of La Palma, CA Water and Wastewater Utility Rate Study

In 2021, Willdan was re-selected to work with the City on its latest water and sewer rate study. This followed our previous work with the City in 2016/17. Our team worked with City Staff to evaluate alternatives for both utilities, particularly for water, where the City is preparing for the drilling and completion of a new well in eight years. We evaluate options to help them prepare for this key capital project. The study included the development of a comprehensive financial plan and model, the evaluation of alternatives for rate adjustments, and the preparation of reports and Prop 218 documents.

Willdan gathered and validated financial data for the project, including budget, fund balances, capital plans, historical financial results, and policy documents. The study also included the required cost-of-service analysis and entailed some adjustments based on changing customer usage characteristics.

We guided the City through the Proposition 218 process and developed and mailed Prop 218 notices. The study is complete, and the Public Hearing was conducted in April 2022.

Client Contact: Mike Belknap, Community Development Director
7822 Walker Street, La Palma, CA 90623
Tel #: (714) 690-3356 | Email: mbelknap@cityoflapalma.org

City of Lomita, CA Water Rate Study

Willdan assisted the City of Lomita with the development and completion of a water utility rate model and study. The study included detailed capital plan analysis, reserve analysis, and live evaluation of alternatives to mitigate necessary revenue and rate adjustments with a rate sub-committee as well as the City Council. The scope also included development of a ten (10) year financial plan and model, and reports, including the adjustment of the tiered rate structure and updated cost-of-service analysis to comply with current best practices and legal guidance. The study was extended to incorporate findings from the updated Water Master Plan, which was completed during the rate study project. Due to the extensive capital plan needs, the City had to implement significant rate increases, so we worked with them to test alternatives, and communicated financial plan details to Staff and elected officials. The rates were successfully adopted in October 2022.

Client Contact: Carla Dillon, P.E., Public Works Director
24300 Narbonne Ave, Lomita, CA 90717
Tel #: (310) 325-7110 x 124 | Email: c.dillon@lomitacity.com

Additional Data

For over two decades, Willdan team members have provided professional consulting services, which entail financial planning; rate and cost-of-service studies including wholesale analysis; alternative and feasibility analyses; and operational and management studies for water, reclaimed water, wastewater, solid waste, and stormwater utility clients across the United States.

Willdan team members are involved with the development of the rate-setting methodologies set forth in the American Water Works Association (AWWA) M1 manual "Principles of Water Rates, Fees and Charges," and the AWWA M29 manual, "Water Utility Capital Financing." Willdan is nationally recognized for its expertise with team members frequently being called upon to speak or instruct on utility financial matters, as subject matter experts, including at the AWWA Utility Management conference.

At present Mr. Kevin Burnett is involved in the current update to the M1 manual.

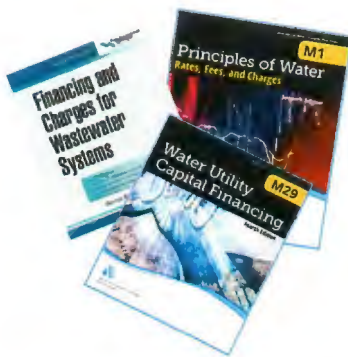
We are also deeply familiar with the procedural and substantive requirements of Proposition 218. Willdan staff (including Mr. Fisher, proposed as the principal-in-charge for this engagement) speak regularly to California industry groups such as the California Special Districts Association (CSDA) and the California Society of Municipal Finance Offices (CSMFO). Further, we recently completed a water and wastewater study for the City of Lakeport where *the same team proposed for this engagement worked closely with a leading Proposition 218 law firm in the state to update their tiered water rate structure to be compliant with the requirements of Proposition 218 and the City of San Juan Capistrano decision. We will bring this recent experience and insight to the City of Calexico.*

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

Willdan Financial Services

Utility Experience and Expertise

- Retail and wholesale rate studies
- Revenue sufficiency analyses
- Utility management and policy assistance
- Connection fee / tap fee studies
- Miscellaneous fee and charge studies
- Renewal and replacement sufficiency analyses
- Comprehensive alternatives analyses
- Capital project funding studies
- Interactive rate model development with dashboards showing key performance indicators
- CIP financial scenario planning
- Rate ordinance drafting
- Billing system validation/rate testing
- Bond feasibility reports
- Valuation/divestiture studies
- Life Cycle Costs Analyses

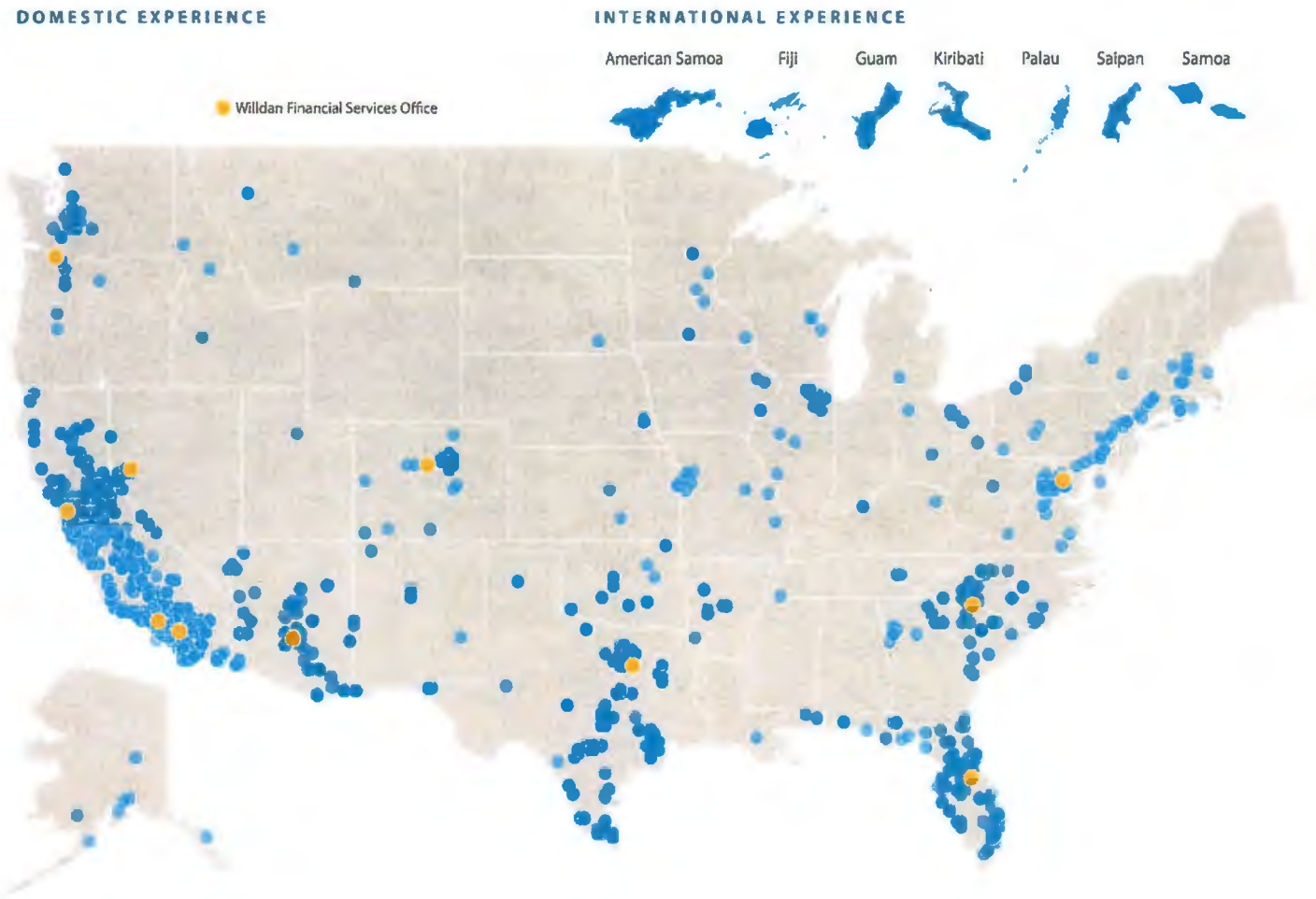


Willdan will work with the City to identify and prioritize operational and fiscal objectives, and match these to specific rate attributes; and use this information throughout the engagement to develop a comprehensive financial plan and design utility rates that effectively meet these goals. The culmination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

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

Experience Map

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



Utility Rate Project Experience

The abbreviated table of experience below outlines projects that are similar in nature to those requested.

Willdan Financial Services Utility Related Experience	
Agency	Project
City of Albany, CA	Sewer Rate Study
City of Avenal, CA	Water and Sewer Rate Study
City of Blythe, CA	Water and Sewer Rate Study
City of Brighton, CO	Potable Water Rate Study
City of Calexico, CA	Water and Sewer Rate Study
City of Claremont, CA	Sewer Rate Study
City of Coachella, CA	Proposition 218 Sewer Mailing
City of Delano, CA	Water, Sanitary Sewer, Solid Waste Utility Rate Study
City & County of Denver, CO	Sanitary Sewer & Storm Drainage Benchmarking and Storm Drainage Impact Fee Study
City of Dinuba, CA	Water, Sewer, & Solid Waste Rate Study
City of Durango, CO	Water and Wastewater Rate Study
City of Fillmore, CA	Water and Sewer Rate Study
City of Flagstaff, AZ	Utility Rate Analysis
City of Fruita, CO	Sewer Rate Study
City of Grover Beach, CA	Water, Wastewater, and Stormwater Financial Plan and Utility Rate Study
City of Guadalupe, CA	Water and Sewer Rate Study
City of Hercules, CA	Wastewater Financial Plan and Connection Fee Study
City of Kingman, AZ	Water and Sewer Rate Study
City of La Palma, CA	Water and Sewer Rate Study
City of Lakeport, CA	Water and Sewer Rate Study, and Connection Fee Study
City of Lomita, CA	Water Rate Study
City of Norwalk, CA	Water Rate Study
City of Pinole, CA	Wastewater Rate and Fee Study
City of Richmond, CA	Wastewater Rate Study
City of Sebastopol, CA	Water and Wastewater Fee Study
City of Soledad, CA	Water Rate Study Consulting Services
City of Tulare, CA	Water and Wastewater Rate Study
City of Twentynine Palms, CA	Sewer Treatment Facility Fair Share and Sewer Rate Analysis
County of San Diego, CA	Sewer Rate and Standby Charge Study
McKinleyville CSD, CA	Water and Wastewater Rate and Capacity Fee Study
Mission Springs Water District, CA	Water and Sewer Rate and Fee Study
Monte Vista Water District, CA	Connection Fee Study
Rainbow Municipal Water District, CA	Water and Wastewater Asset Cost and Capacity Fee Study
Town of Apple Valley, CA	Sewer Rate and Nexus Study
Town of Gilbert, AZ	Water and Sewer Rate Study

Analysis of Effort/Methodology

Project Understanding

The following project approach and scope of services is based on Willdan's current understanding of the City of Calexico's ("City") needs and objectives for the water and wastewater utility rate study and connection fee study, our review of the most recent audited financial statements and City Budget, and the requested services outlined within the Request for Proposals ("RFP"). ***While this approach and scope is informed by our initial research, we will begin this project by working with the City to enhance our understanding of the City's current financial situation by conducting meaningful discussions regarding your objectives and priorities for this study.***

Willdan welcomes this opportunity to ***bring our previous and existing knowledge of the City of Calexico and its water and sewer utilities and have this opportunity to continue our relationship by working with the City again*** to develop a comprehensive financial and rate model and evaluate the financial plan and rate alternatives. ***Our objective is to provide Staff and the Council with the information it needs to fully understand the water and sewer utility's current and projected financial condition, evaluate options for moving forward, and make informed decisions based on this process.***

As mentioned in the cover letter and described more fully below, the City faces challenges for both enterprises that Willdan can help address through this Rate Study:

- The most recently available financials indicate that funding available for capital projects from annual net positive operating results has declined;
- Both utilities have significant capital projects for the next five years included in their respective Capital Improvement Plans (CIP);
- Both utilities have 2020 bond issuances that require funding for payment of debt service and maintenance of adequate debt service coverage;
- The RFP proposes a very aggressive schedule for completion of the Rate Study and implementation of updated rates. Our existing knowledge of the City and the utilities gained through our previous work, along with the model that we developed and still possess from the previous study will allow us to initiate the project quickly.
- Developing sample bills to demonstrate the impacts on customers of any proposed adjustments in revenue and rates, and crafting implementation options that allow rates to increase gradually over the 5 year study period.

The intent of this study is to independently evaluate the City's current water and sewer rates and connection fees, to determine whether sufficient revenue is being collected for utility activities, and as appropriate, develop an updated schedule of rates for each utility that is simple, equitable, and most importantly, structured to meet the future financial needs of the City's utilities. The proposed rate structure must adequately fund the ongoing operating, maintenance and capital improvement needs of the water and sewer utilities.

The City of Calexico provides water and sewer service to a population of approximately 38,500 via City-owned water production, treatment and distribution infrastructure, and wastewater collection, conveyance, and treatment facilities. Willdan worked with the City previously on the most recent rate study to update rates for both water and wastewater in 2017/18, with the last approved increases resulting from that study implemented for Fiscal Year (FY) 2022/23. ***A brief review of the most recent financial statements available on the City's website provides some insight into the financial condition of both utilities. We reviewed the Audited Financial Statement for FY ending June 30, 2021 (FY ending 2022 was not yet available), and the Adopted Budget for 2022/2023 and found the following:***

In general, the Adopted Budget notes that debt service coverage related to bond issues for both utilities is being maintained. It is also noted that while the existing \$3M Operating Reserve for each utility is being maintained, annual surpluses (funds available for transfer for capital projects after operating expenses are met) have declined over the past few years and will need to be considered in this upcoming rate study. The Budget also has several stated goals for each utility. For wastewater these include the construction phase of the Wastewater Treatment Plant (WWTP) Improvements Expansion Project, replacing outdated and deteriorated equipment at the WWTP, and installation of new sewer lift station replacement pumps. For water the stated goals include replacing outdated and deteriorated equipment at the Water treatment Plant.

For the water utility (Fund 513) - the FY 2020/21 Financials show positive operating results. Operating Revenue was \$8.1M, compared to Operating Expenses of \$7.5M, for positive operating income of \$581K. However, when including interest expense and debt issuance costs, the utility had a minor loss. The Budget projects a balanced budget for FY 2022/23, with revenues increasing to \$8.66M, in line with expenses, and no anticipated decline in the \$3M fund balance. The Water CIP includes more than \$24M in capital projects over the next five years, including \$14.7M in 2022/23. The most significant projects are the \$6M Clarifier/Filter System project and the \$3.5M Water Distribution Expansion. There is also a \$2.1M annual Pipeline Replacement program. There is a 2020 bond issue, with annual debt service of about \$822K per year, so it will be important to ensure adequate debt service is maintained in the financial plan we will develop for this utility. As in previous years, the Budget maintains the objective of transferring surplus operating revenue to the CIP for ongoing capital needs.

For the wastewater utility (Fund 544) - the results are similar to water. Positive operating results were reported in the FY 2022/21 Financials. Operating revenue was \$5.9M, compared to \$4.4M in operating expenses, for positive operating income of \$1.5M. Operating income remained positive after accounting for interest and debt issuance costs. As with Water, the Adopted Budget shows a balanced budget for Wastewater. Revenues are projected to increase to \$6.1M, again in line with expenses and no anticipated decline in the \$3M fund balance. The CIP presents more than \$50.1M in capital projects over the next five years, including \$29.97M in 2022/23, with the largest projects being the \$6.4M Lift Station 9 and 10 rehab projects and the \$15.9M WWTP Expansion/Upgrade. For 2023/24 there is another \$14.1M in the CIP related to the WWTP Expansion project. There is also \$1.5M each year dedicated to Manhole/Collection System work. Finally, there is a 2020 bond issue with about \$1.1M in annual debt service. As with Water, we will include provision for this debt service, and adequate debt service coverage in our analysis.

Clearly all of the above-mentioned factors require a comprehensive and detailed look at both utilities. Our approach and model incorporate a robust Capital Plan Analysis to ensure the utilities will be best equipped to address upcoming projects and their funding over the next five years, while maintaining required debt service coverage and appropriate reserve fund balances.

We will develop a comprehensive financial model and evaluate the projected operations for the next five years to be sure everything is accounted for, and appropriate recommendations are made. We also will ensure that the appropriate level of operating reserve (\$3M) is maintained as outlined in the City's financial policies.

The project will entail three primary phases. The first is the review and evaluation of the previous rate study and development of objectives, development of a comprehensive financial plan for each utility, with projections for the next five years for the purposes of recommending rate adjustments extended out to ten years to provide a longer view of potential utility needs, particularly capital projects. The purpose of the financial plan is to arrive at the required revenue for each utility, which serves as the basis for recommendations going forward, and the development of updated rates, if necessary. Then, once the results of the financial plan are reviewed with City staff, we will proceed with the cost-of-service analysis and development of rates, and preparation of a report.

When developing the financial plan, it will be important to take into consideration updated costs of operating and maintaining the systems, as well as the planned capital projects and their funding sources over the next five to ten years. We will produce financial analyses and recommendations to account for these critical needs, while balancing them with the potential impact on customers. Willdan will develop a comprehensive financial plan that considers updated forecasts for sales, operating expenses, as well as capital expenses, and provides for:

- Sufficient and stable revenue for operations and routine maintenance;
- Coverage for direct and indirect costs;
- Adequate debt service coverage for existing and/or proposed debt;
- Sufficient funds to support new debt issuance, if necessary;
- Consideration of drought impacts on the rate structure;
- Evaluation of changing the commercial rate structure from its current EDU approach to a water consumption based approach;
- Accumulation and maintenance of appropriate reserves;
- Anticipated and routine repair and replacement of existing aging pipelines and infrastructure; and
- Major and minor capital projects.


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

Our recommendations and any proposed structure(s) will be developed in compliance with Proposition 218 requirements and recent court decisions, including the San Juan Capistrano case. We have worked recently with a leading Proposition 218 legal expert to develop tiered rates and supporting analysis to address these factors, allowing us to bring this insight to the City of Calexico's study.

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

Project Methodology

As described herein, and detailed within the scope of services that follows, our approach to this water and sewer rate study is **built around three primary objectives:**

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

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

Our rate study analysis will include comprehensive financial management plan alternatives for the next ten fiscal years to support the proposed five-year rate plan.

As part of this analysis, Willdan will develop a comprehensive financial analysis — which incorporates the following:

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

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

The financial planning component of the model provides transparency such that users can develop a viable financial plan and understand the reasons for needed revenue adjustments.

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

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

This ensures the resulting rate plan alternatives are viable from a financial, operational, managerial, and political perspective.

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

Real-Time Financial Modeling

The goal of financial forecasting is to provide clear vision regarding the potential financial outcomes of current management decisions. Our goal is to help you mold the existing knowledge base of the City into a viable financial management and rate plan. At Willdan, the development and use of real-time financial models in an interactive, collaborative process is an integral part of the model development.

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

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

Model Development as Part of the Consulting Process

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

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

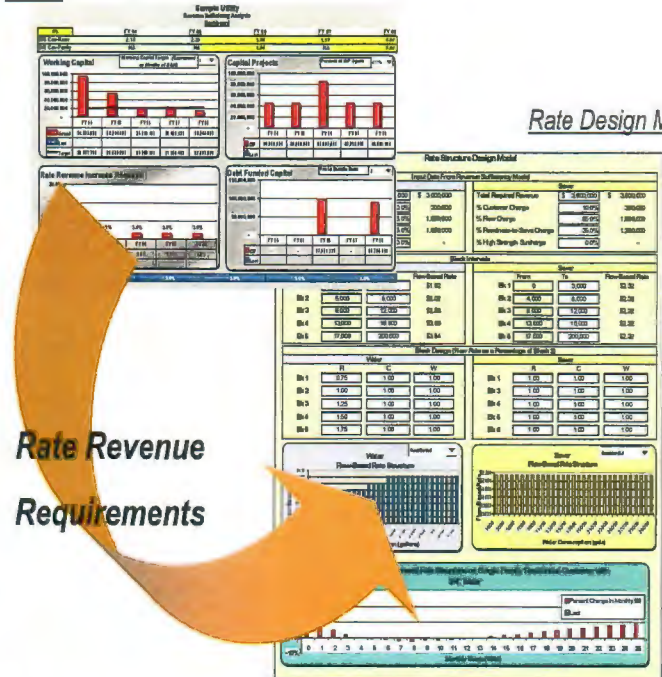
The model will be "baselined" after an initial meeting with staff to ensure that we have the correct data and a basic understanding of the financial dynamics of your system. We will then conduct interactive financial planning sessions with City staff. After validating our data, calculation approach,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

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

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

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

Financial Planning Model



Rate Design Model

Rate Revenue Requirements

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

- **What if things turn out differently?** These alternatives will demonstrate the sensitivity of the forecast to the significant assumptions used. This results in a sound understanding of areas where a conservative forecast approach is warranted.
- **What happens when we try this?** This series of alternatives focuses on different financial management approaches. For example, the use of different financing techniques such as capitalized interest, interim short-term financing, and capital appreciation bonds may be explored.
- **What can we do to make it better?** This approach to forecasting identifies the factors that may be causing significant rate increases in a given year and explores alternatives. For example, if a large capital project in a single year is the culprit, we would work with staff and the consulting engineers to determine whether this project could be phased or delayed.
- **How will any adjustments affect our customers?** In examining rate structure alternatives, we will demonstrate and discuss how users in various categories or classifications will be impacted. Our consultants will use our rate design model to explore the impact of various rate structures on bills for each customer class over the relevant consumption range.

Communication as Part of the Consulting Process

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

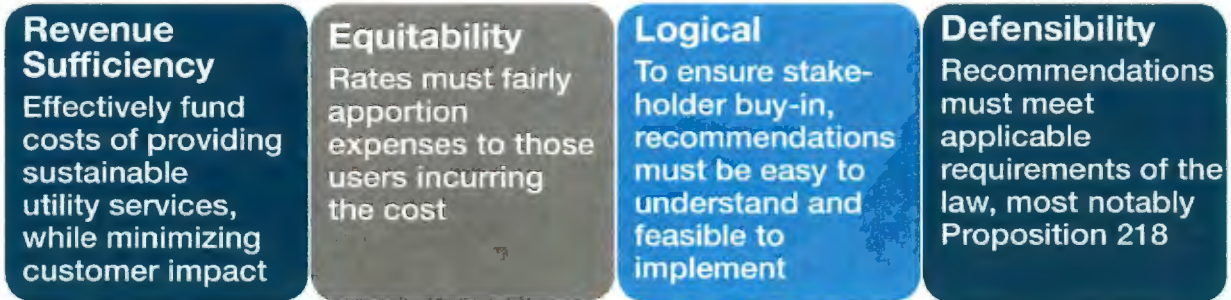
The sample dashboard illustrates how we can summarize data, assumptions, and calculations into an easy-to-understand graphical interface that updates with each alternative scenario evaluated. A copy of the final dashboard model will be provided to the City of Calexico upon completion of the project.



Rate Study Objectives

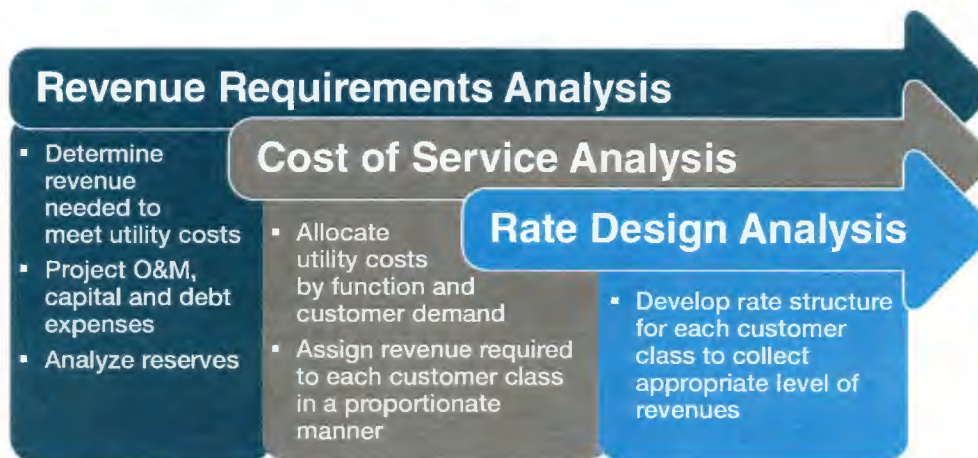
The overarching rate study objectives are outlined below.

Key Objectives



Rate Setting Process

The graphic below summarizes the standard approach commonly employed to develop utility rates. Willdan’s rate-setting process and model has been developed through the completion of many successful studies over the course of time and continues to be the basis for developing proven, well-balanced financial plans that are supported by equitable rate structures. Willdan’s combination of consulting experience and technical expertise helps distill the complex decisions into a clear and easy-to-understand process. As there are often competing objectives, for a successful rate study it is necessary to understand not only the technical details and corresponding rates, but also the social and political corollaries that can often jeopardize the implementation of a technically sound rate structure. Our rate experience goes beyond simply “running the numbers” by creating numerous scenarios and considering stakeholder considerations, such as customer impact (ability to pay) to ensure a complete and unimpeded rate analysis.



Each step of the three-step approach is typically performed in tandem. Although presented sequentially, the overall analysis is circular – as variables in one analysis may influence another. Thus, it is imperative to constantly review assumptions to determine if variables are fixed (i.e., debt service) or flexible (i.e., consumption or treatment) and monitor how changes in certain variables affect the overall analysis.

Work Plan

The following proposed scope of services is intended to capture the goals and objectives of the City. Willdan is confident the following will effectively meet the stated project objectives. A final scope and schedule will be determined based on further discussions with City staff if selected.

Willdan's work plan will culminate in the successful development of water and sewer projections and rates for five years, an extended ten-year financial plan, and the education of staff and key stakeholders.

Project Initiation

Task 1.1 – Data Collection and Review

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

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

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

Task 1.2 – Kick-off Meeting and Planning Discussion

Task 1.2.1 – Project Kick-off. Following initial data collection and review, Willdan will conduct a kick-off meeting with City staff. During this meeting we will discuss goals and objectives of the study, the schedule, constraints, or challenges that may be encountered, stakeholder considerations and objectives, and political concerns. Discussions may center around the following:

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

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

Topics of discussion may include:

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

Water and Wastewater Rate Study

Task 2.1 – Financial Plan, Revenue Requirements and Rate Determinants

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

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

Task 2.1.3 – Projected Revenues Under Existing Rates. Projections of utility system revenues under existing rates for the five-year planning period will be developed for water and sewer, recognizing projected accounts, flow volumes, and usage patterns by customer class (as determined in the billing analysis under the previous tasks).

Task 2.1.4 – Projected Revenue Requirements. Revenue requirements (i.e., system expenditures) will be developed for the utility systems based on an analysis of historical, currently budgeted, and anticipated operating and capital expenditures. The revenue requirements will be projected on a fiscal year cash flow basis, considering expected operational changes, changes in staffing or operating expenditures for new facilities, system growth occurring from new development, anticipated extraordinary expenses, and allowances for inflation. The projections will include, but not be limited to, the following:

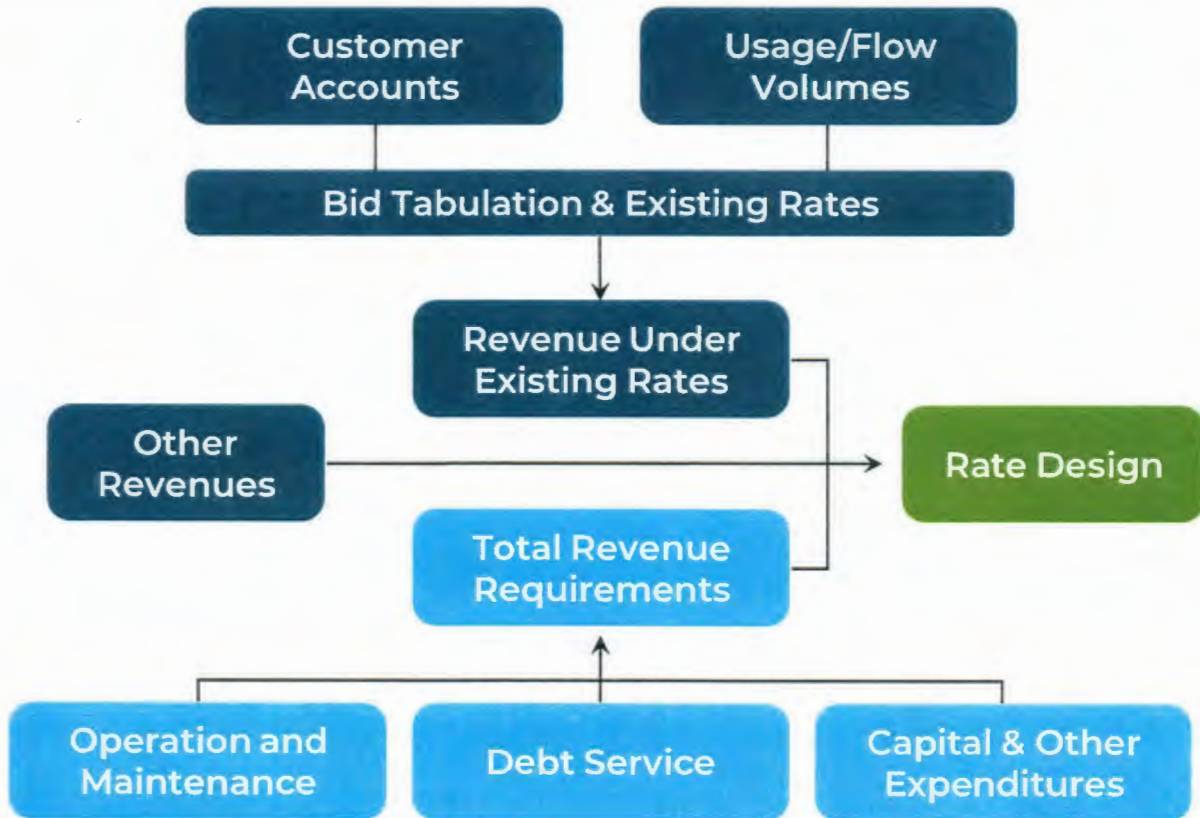
- Operation and maintenance expenses;
- Direct and indirect costs utilizing the City's existing overhead cost allocation model;
- Outlay for annual capital additions and replacements;
- Debt service and reserve requirements on existing and anticipated debt instruments;
- Provision for reserves as outlined in the City's financial policies; and
- Other expenditures and transfers.

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

The cash flow statement will be used to estimate annual adjustments in utility revenues necessary to fund operating and capital expenditure requirements, meet existing bond covenant requirements, and maintain prudent utility management practices. The estimated timing and magnitude of future debt issues required, if any, to finance proposed capital improvements will also be shown.

Concurrent with the development of the projected operating results, the study will review the general financial health of the utility operations and, as necessary, make recommendations for changes in fund balances, reserves, and debt service coverage ratios to maintain financial integrity and a stable bond rating.

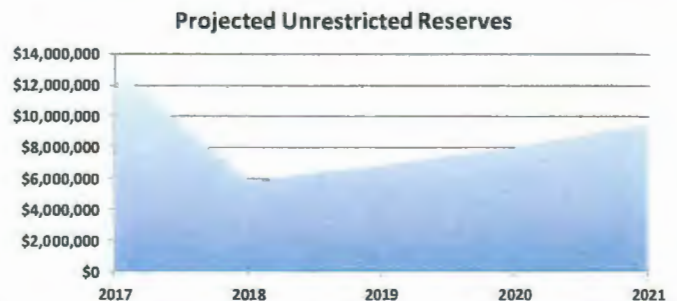
The graphic below demonstrates the general rate study methodology and major components of the rate process.



Task 2.2 – Capital Plan Analysis

Task 2.2.1 – Review Capital Improvement Program (CIP) and Asset Replacement Schedules. The City’s existing utility system five-year CIP and asset replacement schedules will be reviewed in conjunction with conversations with City Staff. The objective of such a review is to gain an understanding of the types of projects scheduled; the timing associated with such projects, associated expenditure requirements and the sources of funding each project. Examining the impacts on the financial objectives of the water and sewer utilities, as well as capital projects associated with rehabilitation and replacement of existing facilities, will be a key objective of not only this task but the entire project. The results of the financial plan will also help the City to prioritize projects identified within the CIP.

Task 2.2.2 – Develop Capital Needs Plan. Based on the findings made in the previous task and the Projected Operating Results described in Task 2.1.5, a plan will be developed to provide for the anticipated capital expenditure activities, including debt issuances, relative to the CIP. Such a plan will include consideration for the use of restricted and unrestricted funds, surplus operating reserves, capital recovery fees, and future rate adjustments. The analysis will also develop a projection of reserve fund balances and level of liquidity.



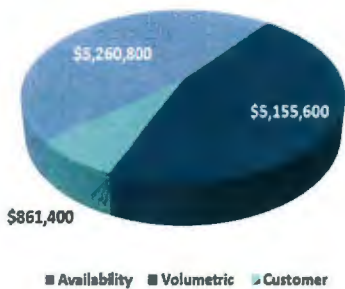
Task 2.2.3 – Capital Projects Model. The CIP will drive the future funding options and will directly impact rates. Therefore, the rate analysis will incorporate the City’s current five-year CIP. The rate model will have the ability to run various CIP funding scenarios and quickly show the estimated impact on utility rates.

Provide a system performance report and meter evaluation to determine Non-Revenue Water Loss and Recovery and how this will impact costs and rates. Provide cost scenarios for new equipment, system requirements, energy, and water savings.

Since we are not serving as the financial/municipal advisor to the City for this project, we will rely on information relative to proposed debt or financing structures provided by the City or its designated financial/municipal advisor.

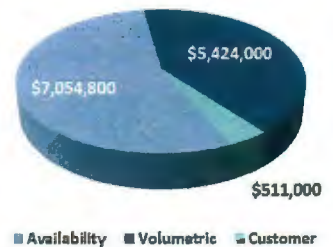
Task 2.3 – Cost-of-Service Allocations

Allocation of Revenue Requirements
Water System



Task 2.3.1 – Functional Cost Allocations. The analysis will allocate the Test Year revenue requirement (i.e., costs of providing service) to the various cost/rate components that constitute functional classifications of the types of service provided. The functional cost allocations will evaluate such aspects as fixed costs, customer-related costs and volumetric/usage related costs. The evaluation of allocation factors associated with applicable costs will be based on existing rate structures applied by the City, meter size, rate structures applied by other comparable utility systems in the region, common industry practice and standard rate-making principals.

Allocation of Revenue Requirements
Wastewater System



Task 2.3.2 – Determination of Revenue Adequacy. Comparisons of revenues under the existing water and sewer rates with the allocated costs of service will be evaluated in order to determine the degree of cost recovery by the various cost components, and to identify areas that may possibly require adjustments to align the revenues from each rate component with the allocated costs.

Task 2.4 – Rate Analysis and Design; Review of Other Fees

Task 2.4.1 – Evaluation of Existing Rate Structures. The existing rate structures will be further evaluated for their effectiveness in equitably recovering costs of utility service from each customer class. The City’s current rate structure will be evaluated, and recommendations will be made for potential modifications to the current rates.

As part of the rate design process, Willdan will discuss with departmental staff the current trends and philosophies in utility ratemaking. Based on these discussions, the analysis will develop and recommend a rate design and philosophy that best meets the objectives of the City. The analysis model will be developed in a dynamic manner allowing the City to compare alternative annual incremental/phasing adjustments to achieve funding goals. Basic standards for rate design accepted by the industry are:

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

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

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

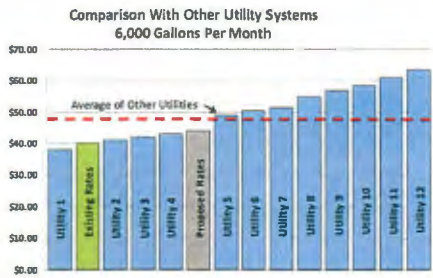
Resource Conservation – under conditions of scarcity, the pricing of water as a commodity should promote voluntary conservation, discourage unnecessary service use and extend the availability of supply.

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

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

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

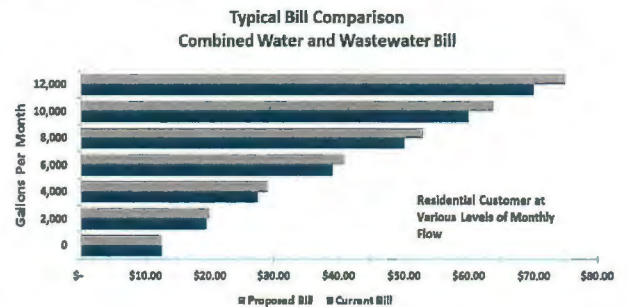
Task 2.4.2 – Rate Structure Alternatives. The rate model will be developed in a dynamic manner such that the Willdan Team and City Staff will be able to analyze “what if” scenarios detailing the financial impacts under each scenario utilizing an iterative dashboard view. Baseline rate structures will be recommended as required to fund the utility systems and consider annual inflationary indexed adjustments to rates as needed to maintain each utility. We will coordinate with City Staff to ensure suggested rate structures are compatible with the City’s utility billing software.



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

Task 2.4.4 – Typical Bill Comparison. Comparisons of typical utility bills under the existing and proposed rates will be developed for each customer class under various levels of usage. The selected customer class usage levels will reflect the results of the billing analysis to better demonstrate rate impacts on typical customer accounts in each class.

Task 2.4.5 – Neighboring Utility Comparison. A comparison will be prepared to assess the difference between existing and proposed rates of the City with those of at least five other comparable municipal utility systems.



Connection Fee Study

Task 3.1 – Data Collection

The City will be provided with an initial list of basic data needed to conduct the study. The data request may include, but not be limited to, items such as financial data, customer account and billing data, reports prepared by others, capital improvement programs, fixed asset records, official bond statements, debt service schedules and master plans.

Task 3.2 – Data Review

The data will be reviewed for completeness and to ensure a sufficient understanding of historical utility operations. The data collection and review process will be ongoing throughout the process as the need for additional information arises.

Development of Land Use Assumptions

Task 3.3 Land Use Assumptions

Land use assumptions (LUA) and City growth projections will need to either be developed by the City using information provided by the 2010 census, county association, or a combination of historical information through the City's building records. This information should include a ten-year projection of residential, multi-family and non-residential land use types included in the City's General Plan. The projections will include:

1. Single family by year with specific consideration to:
 - a. Land use forecast will be provided by special planning area (SPA) or any sub regions that has been designated by the City.
 - b. Compare and identify any differences between land use assumptions and the General Plan for the projection period.

Development of Capital Improvement Plan and Review Land Use Assumptions

Task 3.4 – Develop Capital Improvement Plan (CIP)

Below are the activities associated with the development of the CIP incorporating the results of the above related task.

1. Upon completion of the population projections and the land use analysis, we will:
 - a. Discuss potential service area designations determined by City staff to be served by current and new facilities based on land use assumptions.
 - b. Review capital projects for a ten-year period based on population projections and land use assumptions

2. Land use assumptions and City growth projections will be provided by the City and will be for the next ten years for residential, multi-family, and non-residential land use types included in the City's most recent General Plan. If available, the projections will include:
 - a. Single family housing units.
3. Once requested data is provided and evaluated in previous tasks, we will meet with City staff to discuss future projects that are proposed to be funded by connection fees; we will discuss the following:
 - a. Guidance within California State Statutes affecting facilities eligible for connection fee recovery.
 - b. Existing service level information provided in previous tasks.

Based on the review of key data, discussion with City staff and subsequent evaluations the Willdan Team will recommend the development impact fee methodology and approach as the basis for calculations.

Calculation of Connection Fees

Task 3.5 – Calculate Connection Fees

To calculate the connection fees for the City, we will:

1. Review the current capacity of the systems (for example gallons per capita per).
2. Identify offsets for growth-related revenue to be used toward available capacity will be taken into consideration for the calculations for the study period.
3. Develop fees by services area based on level of service standards per housing as determined in the above task.

Once preliminary fee calculations are complete, we will review the results with City staff to apply modifications to the underlying analysis and prepare recommended fee schedules.

Preparation of Reports and Proposition 218 Notices

Task 4.1 – Reports and Deliverables

Task 4.1.1 – Preliminary Draft Report. A draft report will be developed to address study findings and proposed recommendations. Contents will also include and executive summary, methodologies used, assumptions relied upon for the projection of customers and usage characteristics, an overview of current and projected financial performance, including revenue requirements, revenues, expenses, capital costs, operating results, the cost recovery profile for each class, the results of the fully allocated cost of service analyses and any proposed adjustments to the utility rates. Upon completion, an electronic PDF copy and ten copies of the draft report will be provided to staff for review. The report and presentations will also include a comparison of the City's current and proposed water and sewer rates with five other public agencies.

Task 4.1.2 – Final Report. Based on comments received from staff and other participants during the presentation of the Preliminary Draft Report, the Final Report will be revised to incorporate the agreed upon changes. Upon completion, an electronic PDF copy and seven (7) copies of the Final Rate Study Report, as well as the dashboard model spreadsheet will be provided to the City.

Task 4.2 – Proposition 218 Notice Preparation and Mailing

Task 4.2.1 – Proposition 218 Notices. Based on our over 25-year history with Proposition 218 compliance, we will assist with the drafting of the notices that will explain:

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

Task 4.2.2 – Proposition 218 Notice Processing. We will develop the materials, create a parcel database of properties subject to the new proposed rates, and coordinate the printing and mailing of the materials in conjunction with a mailing house that we typically work with on these types of projects. The additional cost for these services is estimated at \$0.75 per parcel and includes direct costs associated with the mailing. ***Our cost proposal does not include these direct costs. They will be billed directly to the City at the time of the mailing once the actual costs are known.***

Communicating Results - Presentations & Meetings

Task 5.1 – Meetings and Presentations

Task 5.1.1 – Project Kick-Off. As detailed in Task 1.2, an in-person kickoff meeting will be scheduled with City Staff and other City Consultants at the start of the project to discuss project requirements, finalize project scheduling/milestones and reporting requirements, and receive overall project direction. This discussion will provide the opportunity to review current utility rates, fees, charges, issues, and deficiencies with staff.

Task 5.1.2 – Project Progress Web Conferences. During the project, and prior to meetings with the City Council, team web conferences will be scheduled to present the progression of the analysis to staff in order to obtain input and feedback associated with any rate adjustments that may be presented. These web meetings will assist in the completion of rate design for the utility systems and guide the development of the draft report.

Task 5.1.3 – Public Outreach Meetings. As necessary, we will work with City Staff to develop a public outreach strategy and materials, should communications beyond the Proposition 218 notice be required. We will attend two (2) public outreach community meetings.

Task 5.1.4 – Draft Financial Plan Meeting. The results of the Preliminary Financial Plan and Revenue Requirements will be presented to staff for comment, feedback, and direction.

Task 5.1.5 – Draft Study/Final Report Meetings/Public Hearing. The draft report will be reviewed with City Staff to discuss findings and recommendations, gather feedback and address questions, then presented to the City Council.

The results of the Final Report will be presented to the City Council during one (1) City Council meeting, and then again at the (1) Public Hearing, as required by Proposition 218. Willdan's project manager will be present to address any questions or concerns raised during the public hearings.

Please note, meetings may need to be conducted remotely using video collaboration software and/or conference calls depending on the public health mandates then in effect due to COVID-19.

City Staff Support / Responsibilities

Willdan recommends that the City of Calexico assign a key individual as a project manager. As our analysis is developed, the City's appointed project manager will:

- Coordinate responses to informational requests;
- Coordinate review of work products; and
- Identify appropriate staff members for participation in meetings and facilitating scheduling.

We will ask for responses to initial information, follow-up requests and comments on reports within five business days or otherwise agreed upon timetable. If there are delays, the project manager will follow up with the parties involved to establish an estimated date for the delivery of information and/or feedback.

To ensure continued progression, the project manager will reconvene with the rest of the team to identify tasks that can be started while waiting for requested data.

Project Disclaimer






The City of Calexico further represents, acknowledges, and agrees that:

- (i) The City uses the services of one or more municipal advisors registered with the U.S. Securities and Exchange Commission (“SEC”) to advise it in connection with municipal financial products and the issuance of municipal securities;
- (ii) The City is not looking to Willdan to provide, and City shall not otherwise request or require Willdan to provide, any advice or recommendations with respect to municipal financial products or the issuance of municipal securities (including any advice or recommendations with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues);
- (iii) The provisions of this proposal and the services to be provided hereunder as outlined in the scope of services are not intended (and shall not be construed) to constitute or include any municipal advisory services within the meaning of Section 15B of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations adopted thereunder;
- (iv) For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses Willdan may provide the City with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the City, (A) any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the City, in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and (B) under no circumstances shall Willdan be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, including any revisions or amendments thereto; and
- (v) Notwithstanding all of the foregoing, the City recognizes that interpretive guidance regarding municipal advisory activities is currently quite limited and is likely to evolve and develop during the term of the potential engagement and, to that end, the City will work with Willdan throughout the term of the potential Agreement to ensure that the Agreement and the services to be provided by Willdan hereunder, is interpreted by the parties, and if necessary amended, in a manner intended to ensure that the City is not asking Willdan to provide, and Willdan is not in fact providing or required to provide, any municipal advisory services.

Project Management

At Willdan, we utilize a Project Management Process/Approach that ensures projects are completed on time, within budget and most importantly yield results that match our clients' expectations. We will document discussions leading to important policy decisions and/or the choice of critical assumptions used in constructing the analysis and model. Following key stakeholder discussions, we will schedule a call to summarize findings and direction with City staff, to make certain that we are in agreement with stated objectives, and that feedback is incorporated as appropriate.

Through the process of providing regular updates and conducting status conference calls, potential issues will be highlighted, discussed, and resolved. Any deviances from the project timeline will be identified and plans will be developed for course corrections. If necessary, changes in approach or strategy will be discussed with City staff, to meet the needs of the City of Calexico. In doing this, we will ensure the project stays on track and evolves, based upon current thinking and outside dynamics.

Project Management				
 Define the Project	 Plan the Project	 Manage the Project	 Review the Project	 Communicate the Project
<ul style="list-style-type: none"> Identify the project scope, set objectives, list potential constraints, document assumptions. Define a course of action and develop an effective communication plan. Provide a forum for applying the team's collective expertise to solving difficult analytical issues that arise in complex projects. 	<ul style="list-style-type: none"> Collaborate with the project team and client staff and agree upon timeline to meet the estimated project timeline. Assign workload functions to appropriately qualified staff to ensure milestones are met, on time. Pre-schedule quality control meetings with project team to maintain the progressive motion of the project. 	<ul style="list-style-type: none"> Manage the execution of the project. Direct existing and upcoming project tasks. Control and monitor work in progress. Provide feedback to client and project team. Identify and resolve deviances from project timeline. 	<ul style="list-style-type: none"> Review all work product and deliverables. Utilize structured quality assurance process involving up to three levels of review at the peer level, project manager level. Procure executive officer level review. 	<ul style="list-style-type: none"> Communicate with the client regarding work status and progress. Ensure client is in receipt of regular status updates. Schedule regular conference calls to touch base. Inform client of roadblocks, work outside of projected scope.

Quality Assurance / Quality Control Process

Our quality control program is incorporated as a required element of Willdan's day-to-day activities. There are three levels of reviews incorporated for our deliverables:

- 1) Peer review;
- 2) Project Manager review; and
- 3) Final quality assurance manager review.

Peer reviews involve one analyst reviewing the work of another, while project manager reviews are conducted prior to delivery to the quality assurance manager. The quality assurance manager then performs a final review. This ensures that our final product has been thoroughly evaluated for potential errors; thus, providing quality client deliverables, and high levels of integrity and outcomes.

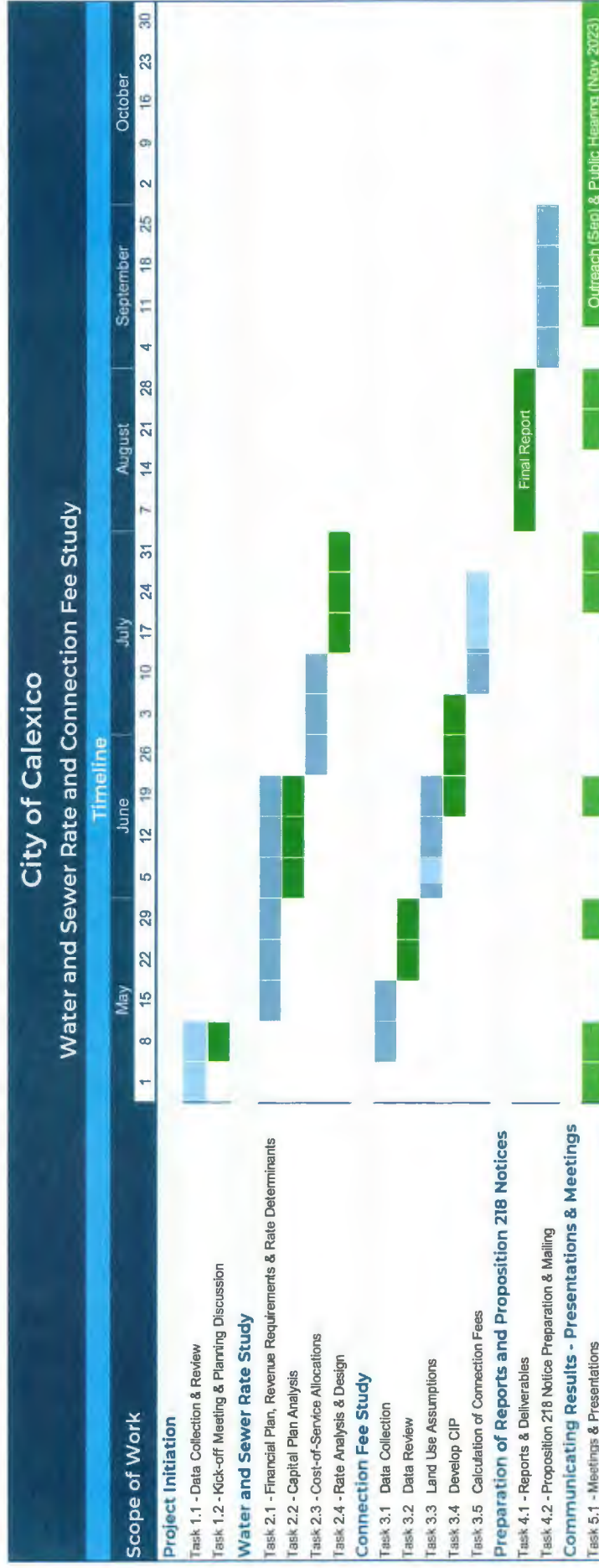


The primary mission of our quality control plan is to provide staff with the technical and managerial expertise to plan, organize, implement, and control the overall quality effort, thereby ensuring the completion of a quality project within the time and budget established.

Quality Assurance Goals		
Goal	Lead	Task
Quality Assurance / Control Process	Chris Fisher	<ul style="list-style-type: none"> ▪ Establish a set of planned and systematic actions for maintaining a high level of quality in the professional services performed; Emphasize quality in every phase of work; ▪ Ensure efficient use of resources; ▪ Establish a consistent and uniform approach to the services performed; and ▪ Implement appropriate quality control measures for each work task of the project.
Quality Control Plan	Chris Fisher & Kevin Burnett	<ul style="list-style-type: none"> ▪ Contract deliverables; ▪ Specific quality control procedures; ▪ Special quality control emphasis; ▪ Budget and manpower requirements; ▪ Overall project schedule and budget; and ▪ Project documentation requirements.

Project Schedule

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



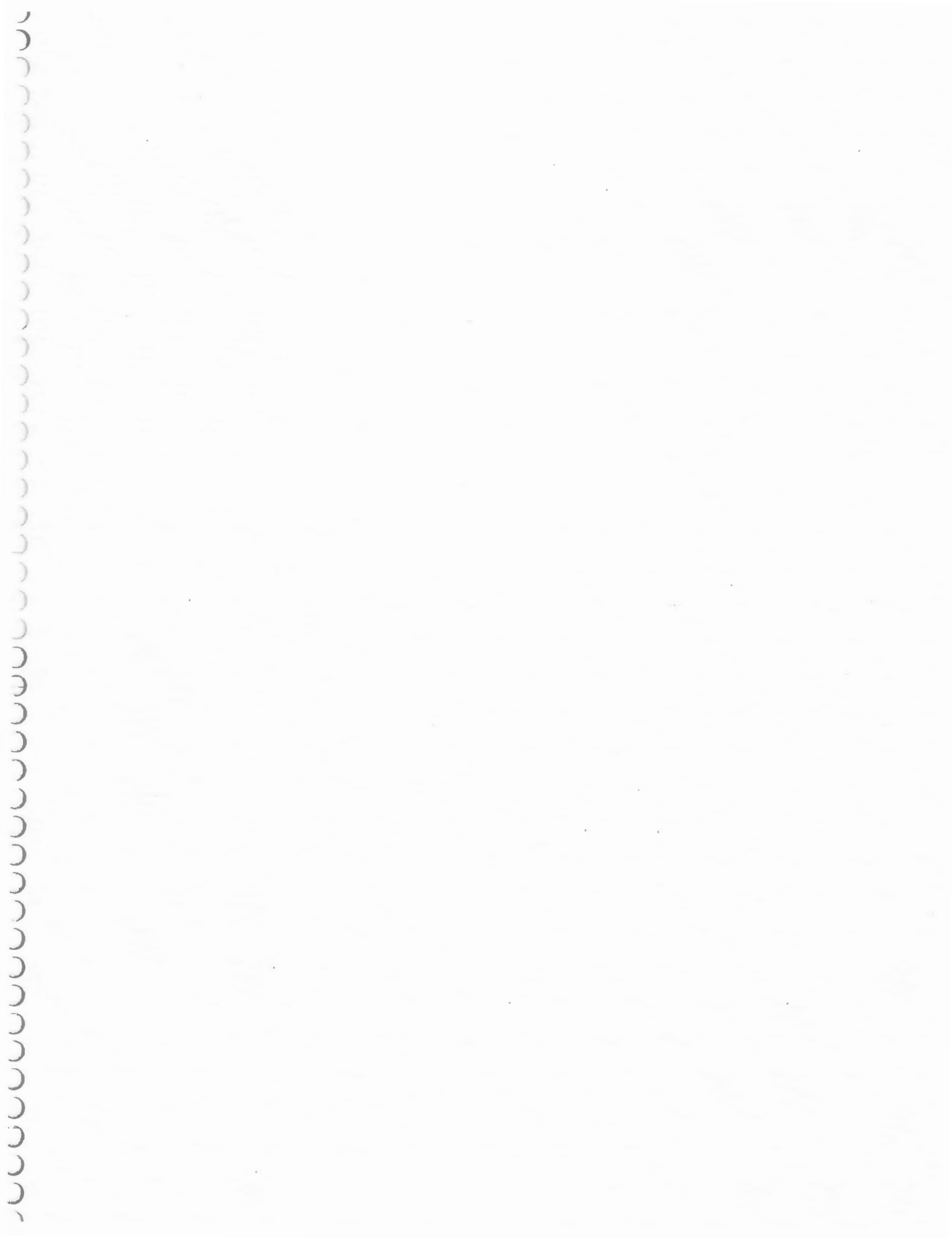


EXHIBIT B
SCHEDULE OF CHARGES

Cost and Fees

Based on our work plan provided in the scope of services, we propose a **fixed fee of \$61,995**. The table below provides a breakdown of this fee by task and project team member.

City of Calexico						
Water and Sewer Rate and Connection Fee Study						
Fee Proposal						
	C. Fisher PIC/PM	K. Burnett Technical Advisor	M. Cronan Financial Analyst	Total		
	\$250	\$185	\$125	Hours	Cost	
Scope of Work						
Project Initiation						
Task 1.1 - Data Collection & Review	1.0	2.0	8.0	11.0	\$	1,620
Task 1.2 - Kick-off Meeting & Planning Discussion	1.0	1.0	1.0	3.0		560
Water and Sewer Rate Study						
Task 2.1 - Financial Plan, Requirements & Determinants	24.0	16.0	80.0	120.0		18,960
Task 2.2 - Capital Plan Analysis	4.0	2.0	8.0	14.0		2,370
Task 2.3 - Cost-of-Service Allocations	4.0	4.0	24.0	32.0		4,740
Task 2.4 - Rate Analysis & Design	8.0	8.0	24.0	40.0		6,480
Connection Fee Study						
Task 3.1 Data Collection	1.0	2.0	2.0	5.0		870
Task 3.2 Data Review	1.0	2.0	2.0	5.0		870
Task 3.3 Land Use Assumptions	1.0	2.0	8.0	11.0		1,620
Task 3.4 Develop CIP	2.0	4.0	12.0	18.0		2,740
Task 3.5 Calculation of Connection Fees	3.0	4.0	20.0	27.0		3,990
Preparation of Reports and Proposition 218 Notices						
Task 4.1 - Reports & Deliverables	8.0	2.0	48.0	58.0		8,370
Task 4.2 - Proposition 218 Notice Preparation & Mailing	8.0	-	12.0	20.0		3,500
Communicating Results - Presentations & Meetings						
Task 5.1 - Meetings & Presentations	12.0	3.0	14.0	29.0		5,305
Total Fee Proposal	78.0	52.0	263.0	393.0	\$	61,995

Proposition 218 Fees

The fixed fee includes direct costs associated with the printing, processing, and mailing of Proposition 218 notices. We will bill the City for these at our cost-plus 15 percent (15%), based on actual quotes provided by our mailing house. **These costs are estimated at \$0.75 per mailed piece and they will be billed directly to the City at the time of the mailing once the actual costs are known.**

Notes

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

Hourly Rates

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

Willdan Financial Services Hourly Rate Schedule		
Position	Team Member	Hourly Rate
Vice President - Director	Chris Fisher	\$250
Managing Principal		\$240
Principal Consultant		\$210
Senior Project Manager	Kevin Burnett	\$185
Project Manager		\$165
Senior Project Analyst		\$135
Senior Analyst	Michael Cronan	\$125
Analyst II		\$110
Analyst		\$100

EXHIBIT C

CERTIFICATE OF EXEMPTION FROM WORKERS' COMPENSATION INSURANCE

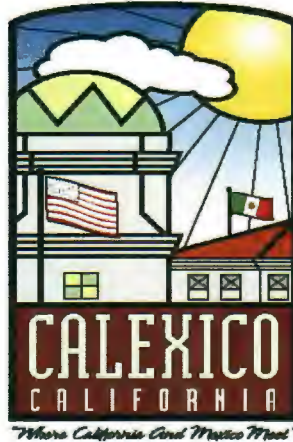
I hereby certify that in the performance of the work for which this Agreement is entered into, I shall not employ any person in any manner so as to become subject to the Workers' Compensation Laws of the State of California.

Executed on this _____ day of _____, 2023, at _____, California.

Consultant

ATTACHMENT #2

CITY OF CALEXICO



Request for Proposals for Water and Sewer Rate and Connection Fee Study

Public Works Department
549 Pierce Avenue
Calexico, CA 92231
760/768-2160
www.calexico.ca.gov

March 7, 2023

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EXHIBITS

A – Sample Proposal Evaluation Form

B – Sample Consultant Agreement and Insurance Requirements

I. INTRODUCTION AND BACKGROUND

The City of Calexico, California invites qualified professional firms to submit proposals to conduct a cost of service rate study for the City's water and wastewater utilities; recommend changes to the rate structure and rate adjustments to fully cover the cost of operating, maintaining and upgrading the water and wastewater systems.

The City of Calexico owns and operates a water treatment plant, water distribution system, wastewater collection and treatment systems. The City provides service within its jurisdictional boundaries and within unincorporated areas outside City limits.

Other local cities have recently increased their water and wastewater rates due to rising costs to purchase, treat and distribute water; and collect and treat wastewater to increasingly stricter State of California Department of Water Resources regulations. Infrastructure that was installed in the mid 1900's is starting to fail and requires costly replacement.

The City last conducted a Water and Sewer Rate and Connection Fee Study in 2018, with annual increases through July 1, 2022. Also, the City has identified a substantial Capital Improvement Program (CIP) for the next five years that requires funding. Although there are considerable assets in the Enterprise Funds, it is estimated that it is not enough fund the CIP.

The City is implementing the requirements its MS4 National Pollutant Discharge Elimination System (NPDES) stormwater discharge permit. In the past stormwater system maintenance was funded through the General Fund. Senate Bill 231 (SB 231) is in the process of approval from the Governor. SB231 clarifies the definition of the term "sewer" to explicitly include "stormwater", and therefore, a property-related fee for stormwater services would be statutorily exempt from a balloting requirement. Stormwater fees could be raised using the same notice/public hearing Proposition 218 process as is used for water, sewer and refuse collection fees.

From 2016 through 2017, the City replaced all the old existing water meters with radio read meters (Sensus Automatic Meter Reading AMR). The new meter system has facilitated the billing process and increased revenues due to the more precise metering. The new AMR system allows customers to log on to view their daily water usage.

The contract will be regulated according to the provisions of all federal, state and local laws and ordinances that are applicable. This includes compliance with prevailing wage rates and their payment in accordance with California Labor Code, Section 1774. All Service Providers and sub-consultant(s) shall pay all workers not less than the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work as determined by the Director of the Department of Industrial Relations, State of California, for the type of work performed and the locality in which the work is to be performed, pursuant to sections 1770 et seq. of the California Labor Code. Prevailing wage rates are available on the Internet at: <http://www.dir.ca.gov>. All Service Providers and sub-consultant(s) shall comply with the registration and qualification requirements pursuant to sections 1725.5 and 1771.1 of the California Labor Code.

II. PROJECT POSTING AND SCHEDULING

This RFP is being distributed over the internet and is posted at the City's website at the following address: <https://www.calexico.ca.gov/bidsandrfps>. Consultants wishing to propose in response to this RFP must obtain this document from our website. Due to the fact that anyone can download the RFP and the City has no method for tracking the distribution, the City is not able to maintain a list of potential consultants and/or proposers and cannot provide individual notification of amendments or addendums to this RFP.

The City will therefore post any addendums to the RFP on the above mentioned website. All consultants shall refer to the website to verify all addendums that have been issued and that they have acknowledged all such addendums in their proposal.

III. SCOPE OF WORK

In preparing a response to this Request of Proposal (RFP), the Consultant shall address the following specific components that should be included in the scope of work. The final scope of work will be coordinated with City staff and the selected Consultant.

A. Services to be performed by Consultant

1. Meet with City Staff members to collect and review available information and review the methodology to be used in the development of the recommended rate structures for water and wastewater services.
2. Review historical account and operational cost information and calculate future costs for the 5-year study period of FY 2023-2024 through FY 2027-2028 including consumption, capacity and operational forecasts.
3. Prioritize Capital Improvement funding needs from the City's Five-Year CIP budget and facility improvement plans, and other supplemental improvements that the City may deem warranted.
4. Develop a forecast of annual revenue requirements. Consultant will need to review current consumption data and compare it from FY2018 through current data. Expenses have also changed recently because of changes to the Public Works Organization and recent hires. The consultant will need to verify all current expenses as opposed to using outdated information.
5. Recommend rate structure that will generate the level of revenue needs with a distribution of those costs on an equitable basis by customer category. Provide "sample bills" for all customer categories illustrating recommended rate increases. Rates shall be increased gradually each year for 5-years (FY 2023-2024 through FY 2027-2028). The consultant will review the existing rate structure to determine if a more equitable rate structure will be recommended. The consultant will evaluate and recommend a rate

structure that addresses water conservation pricing, potential tiered rates, and/or drought surcharges.

6. Develop potential water and wastewater capacity charges that shall be based on a nexus between new development and the cost to accommodate it.
 - a. The recommended capacity charges must consider and make the following provisions for the following factors:
 - i. System value
 - ii. System capacity
 - iii. Projected demand/flow

If the consulting team feels additional studies may be necessary, they should be listed and clearly identified as optional in the scope of work and fee proposal.

B. Timeline Requirements

It is anticipated that the City Council will approve the recommended Rate Study Consultant's Proposal on April 5, 2023 in the regularly scheduled Council Meeting. Consultant shall initiate work by early May 2023 with a final study completion date of August 2023. This schedule enables the City to conduct a beneficial community engagement process as well as required public hearings for rate increases. If adopted, the rate increase(s) would go into effect on January 1, 2024.

C. Reporting and Communication

1. The consultant will meet continuously during the on-site field work process with the City Manager, Finance Director, Revenue Officer and Public Works Director/City Engineer to discuss issues, concerns, preliminary findings and recommendations.
2. The consultant will provide regular updates to the City regarding process on the analyses and recommendations and request any additional information or direct need to complete the project on time and within budget.
3. Prior to issuing the final report, the consultant will meet with the City Manager, Finance Director, Revenue Officer and Public Works Director/City Engineer to review the draft report and recommendations to be presented to the City Council.

D. Other Considerations

1. All working papers, reports, and records relating to the work performed under the Professional Services Agreement must be retained, at the consultant's expense, for a minimum of five (5) years, unless the Firm is notified in writing by the City of Calexico of the need to extend the retention period.

2. The consultant will be required to make working papers available upon request to the appropriate parties.
3. The consultant will be required to attend (2) community workshop meetings and (2) City Council meetings to present the rate study and answer any questions the Council or community may have regarding the study or recommendations.

IV. NOTIFICATION OF CONSULTANT REGISTRATION REQUIREMENTS (WHERE REQUIRED)

Pursuant to the requirements of California Labor Code section 1771.1, all consultants and sub-consultants that wish to engage in public work through a public works contract must be registered with the Department of Industrial Relations (DIR).

Beginning March 1, 2015, no consultant or sub-consultant may be listed on a bid proposal for a public works project unless registered with DIR.

Beginning April 1, 2015, no consultant or sub-consultant may be awarded a contract for public work on a public works project unless registered with the DIR, pursuant to Labor Code section 1725.5

All consultants, including sub-consultants listed in the proposal must be registered with the DIR at the time proposals are due, and must submit proof of registration with the proposal. Any proposals received listing unregistered consultants and/or sub-consultants will be deemed non-responsive.

NOTE: DIR number is to be specified on the cover page of the consultant proposal. Proof of registration for consultant and sub-consultant shall also be submitted as an exhibit of the proposal.

Application and renewal are completed online with a non-refundable fee of \$400. Read the Public Works Reforms (SB 854) Fact Sheet for requirements. Instructions for completing the form and additional information can be found on the DIR website.

This Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

SOURCES OF INFORMATION

INFORMATION	WEBSITE
Department of Industrial Relations (Public Works)	http://www.dir.ca.gov/Public-Works/PublicWorks.html
SB 854 Fact Sheet	https://www.dir.ca.gov/Public-Works/PublicWorksSB854.html

Senate Bill 854 Compliance	http://www.dir.ca.gov/Public-Works/SB854.html
Public Works Contractor (PWC) Registration	https://www.dir.ca.gov/Public-Works/Contractor-Registration.html
Classifications and Minimum Labor Rates	http://www.dir.ca.gov/OPRL/Pwd/

V. SUBMITTAL REQUIREMENTS

Proposal should be typed, organized and concise, yet comprehensive.

General Requirements

1. Provide a cover letter.
2. State the interpretation of the work to be performed. State a positive commitment to perform the work in the required manner and time frame; include a basic summary; and demonstrate an understanding of the project. Provide a statement that the offer is valid for at least a ninety (90) day period.
3. Provide the name(s) of the primary and/or alternate individuals authorized to respond to this RFP. Include titles, addresses, e-mail, and phone numbers.
4. The Consultant is representing itself as a qualified professional in water and sewer rate and connection fee study services. Therefore, it is acceptable to submit recommendations and comments for consideration on format, process, schedule, and additional content of projects. The City will consider comments and recommendations; however is not required to select any of the recommendations or comments.
5. Expensive bindings, colored displays, promotional materials, etc., are neither necessary nor desired. Emphasis should be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, and on completeness and clarity of content.
6. If any subcontractors are utilized, the lead Consultant must submit a description of the firm, the portion of work to be done, and cost of each subcontractor. All subcontracts exceeding \$25,000 in cost shall contain all required provisions of the prime contract.
7. Proof of registration for consultant and sub-consultant shall also be submitted as an exhibit of the proposal.

Table of Contents

Include a table of contents with identification of each section and page number.

Summary of Qualifications and Experience

1. State whether the firm is local, regional, national or international.
2. Identify the owner(s) of the firm and legal status (sole proprietor, corporation, etc.)
3. Give the location of the office from which work is anticipated to be done and the number of employees of the company.
4. Identify the qualifications and resumes of all individuals who will be associated with this service. Include professional registrations and affiliations.
5. References: Identify at least 5 (five) successfully completed projects of a similar nature, preferably with direct involvement of municipal governments in California. Each project listed shall include the name of the agency, project manager, phone number, and description of work performed. Consulting projects currently underway may also be submitted for consideration.
6. Additional Data: This section will be limited to five (5) pages. Proposals may include any other information the Consultant deems essential to the evaluation of the qualifications and proposal statements.

Analysis of Effort/Methodology

1. Describe the approach for how the work will be performed. The proposal shall indicate any specific techniques or methodology to be utilized.
2. The proposal shall include a sample project timeline with specific tasks envisioned for this project, including staffing.
3. Indicate what participation, data and products will be requested from the City.
4. Indicate deliverables to be provided and when.

Cost and Fees

Cost Proposals must be submitted with the proposal in a separate sealed and clearly marked envelope (include project title and submitting firm). Cost proposals shall take into account the following:

1. Develop costs and fees for the services requested. Submit a not to exceed fee proposal based on anticipated fully burdened hourly rates.
2. When preparing cost and fees consider the scope of work involving project kick off and review of available documentation, material submittals, project documentation and prepare a lump sum fixed fee breakdown based on anticipated staff and hours. Costs should be

organized for full time hourly rates. Such hourly rates should be fully burdened or loaded, including full compensation for all overhead and profit. Billing rates shall include provision for normal office costs, including but not limited to office rental, utilities, insurance, cell phone or radio, equipment, normal supplies and materials, in-house reproduction services, and local travel costs. As much as possible, a fixed fee lump sum breakdown by phase of the construction based on billable hours is desirable for preconstruction and post construction.

3. Breakdown shall include preconstruction services and construction services (Request for information/clarification). No subcontractors shall be utilized without prior authorization by the City and modification to submitted DBE subcontractor's list or goal is discouraged and may lead to project funding issues.

Insurance Requirements

Prior to execution of the agreement with the City, the successful firm must provide evidence of insurance coverages as noted in the sample contract and insurance requirements exhibit. The successful firm will be required to maintain the required coverages, at its sole cost and expense, throughout the entire term and any subsequent modification terms of the contract.

Insurance requirements noted in sample contract. Insurance requirements may be adjusted once the final cost and fees proposal is reviewed.

VI. REVIEW AND SELECTION PROCESS

A proposal evaluation committee comprised of City Staff will review each proposal. The following evaluation criteria will be used in selecting a Consultant:

1. Experience with similar efforts;
2. Commitment of Senior Staff to the Project;
3. Relevant qualifications of key personnel;
4. Familiarity with applicable State and Federal laws;
5. Knowledge of local issues in the City of Calexico and the Imperial Valley region;
6. Proposed schedule and ability to meet applicable deadlines and fees;
7. Overall responsiveness to this RFP.

The City of Calexico reserves the right to reject any or all proposals for any reason. Minor irregularities of the proposal may be waived at the discretion of the City.

Please note that the ability of the Consultant to complete the overall project within the anticipated completion period will be considered in the selection process. The lowest fee proposal will not necessarily be selected.

VII. TENTATIVE SCHEDULE

Request for Proposal Issued	March 7, 2023
Consultant Proposals Due	March 21, 2023
Consultant Selection and Negotiations	March 22, 2023 thru March 28, 2023
City Council Approval of Contract	April 5, 2023
Final Study and Recommendation(s)	August 31, 2023
Project Completion	December 31, 2023

VIII. INQUIRIES

Pre-submittal procedural or technical inquiries may be directed to Lilliana Falomir, Public Works Manager via email at falomirl@calexico.ca.gov.

IX. SUBMITTAL DEADLINE

Consultant must submit five (5) copies of their proposal with original Consultant signature. The proposal must be formatted in accordance with the instructions of this RFP. Promotional material may be attached, but are not necessary and will not be considered as meeting any of the requirements of this RFP. Proposals must be enclosed in a sealed envelope or package, clearly marked “RFP for Water and Sewer Rate and Connection Fee Study” and delivered on or before 2:00p.m. on March 21, 2023 to:

Office of the City Clerk
City Hall
City of Calexico
608 Heber Avenue
Calexico, CA 92231

Late, emailed or facsimile proposals will not be accepted. It is the proposer’s responsibility to assure that its proposal is delivered and received at the location specified herein, on or before the date and hour set. Proposals received after the date and time specified will not be considered.

EXHIBIT A

SAMPLE OF PROPOSAL EVALUATION FORM

Firm: _____

Evaluator: _____

Date: _____

1 Technical Approach (35 Points)	Points Awarded	_____
Responsiveness & understanding of work to be done, (i.e. scope of work). Specific experience with similar construction management, geotechnical and construction inspection work		
2 Project Management (30 Points)	Points Awarded	_____
Capacity to perform the scope of work and the ability to conclude in a timely manner. Quality of staff based on recent experience		
3 Reference (15 Points)	Points Awarded	_____
4 Familiarity and/or specific experience with local, state and federal laws (15 Points)	Points Awarded	_____
5 Overall quality of proposal, including qualifications and thoroughness (5 Points)	Points Awarded	_____
	Total Score	_____

Comments:

EXHIBIT B

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of the _____ day of _____, 2023, by and between the City of Calexico ("City") and _____ ("Consultant").

RECITALS

- A. Consultant is specially trained, experienced and competent to perform the special services which will be required by this Agreement; and
- B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.

AGREEMENT

1. **Scope of Services.** The Consultant shall furnish the following services in a professional manner. Consultant shall perform the services described on Exhibit A which is attached hereto and incorporated herein by reference. Consultant shall provide said services at the time, place, and in the manner specified in Exhibit A, subject to the direction of the City through its staff that it may provide from time to time.
2. **Time of Performance.** The services of Consultant are to commence upon execution of this Agreement and shall continue until all authorized work is approved by the City. All such work shall be completed no later than December 31, 2024. Time is of the essence for every provision of this agreement that states a time for performance and for every deadline imposed by the City.
3. **Compensation.** Compensation to be paid to Consultant shall be as set forth in Exhibit B, which is attached hereto and incorporated herein by reference. Payment by City under this Agreement shall not be deemed a waiver of defects, even if such defects were known to the City at the time of payment.
4. **Method of Payment.** Consultant shall submit monthly billings to City describing the work performed during the preceding month. Consultant's bills shall include a brief description of the services performed, the date the services were performed, the number of hours spent and by whom, and a description of any reimbursable expenditures. City shall pay Consultant no later than 30 days after approval of the monthly invoice by City staff.
5. **Ownership of Documents.** All plans, studies, documents and other writings prepared by and for Consultant, its officers, employees and agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the City upon payment to Consultant for such work, and the City shall have the sole right to use such materials in its discretion without further

compensation to Consultant or to any other party. Consultant shall, at Consultant's expense, provide such reports, plans, studies, documents and other writings to City upon written request.

6. Independent Contractor. It is understood that Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and shall not act as an agent or employee of the City. Consultant shall obtain no rights to retirement benefits or other benefits which accrue to City's employees, and Consultant hereby expressly waives any claim it may have to any such rights.
7. Interest of Consultant. Consultant (including principals, associates and professional employees) covenants and represents that it does not now have any investment or interest in real property and shall not acquire any interest, direct or indirect, in the area covered by and during this Agreement or any other source of income, interest in real property or investment which would be affected in any manner or degree by the performance of Consultant's services hereunder. Consultant further covenants and represents that in the performance of its duties hereunder no person having any such interest shall perform any services under this Agreement.

Consultant is not a designated employee within the meaning of the Political Reform Act because Consultant:

- a. will conduct research and arrive at conclusions with respect to his/her rendition of information, advice, recommendation or counsel independent of the control and direction of the City or of any City official, other than normal agreement monitoring; and
 - b. possesses no authority with respect to any City decision beyond rendition of information, advice, recommendation or counsel. (FPPC Reg. 18700(a)(2).)
8. Professional Ability of Consultant. City has relied upon the professional training and ability of Consultant to perform the services hereunder as a material inducement to enter into this Agreement. Consultant shall therefore provide properly skilled professional and technical personnel to perform all services under this Agreement. All work performed by Consultant under this Agreement shall be in accordance with applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent professionals in Consultant's field of expertise.
 9. Indemnity. Consultant agrees to indemnify, including the cost to defend, the City, and its officers, agents and employees from any and all claims, demands, costs or liability that arise out of, or pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant and its agents in the performance of services under this contract. This indemnity does not apply to liability for damages for death or bodily injury to persons, injury to property, or other loss, damage or expense arising from the sole negligence,

willful misconduct or defects in design by the City or its agents, servants, or independent contractors who are directly responsible to the City, or the active negligence of the City.

To the fullest extent permitted by law, the Consultant shall (1) immediately defend and (2) indemnify the City, and its councilmembers, officers, agents, and employees from and against all liabilities regardless of nature or type that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, or its employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation, all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. The Consultant's obligation to indemnify applies unless it is finally adjudicated that the liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an indemnified party, then Consultant's indemnification obligation shall be reduced in proportion to the established comparative liability.

- (b) The duty to defend is a separate and distinct obligation from Consultant's duty to indemnify. Consultant shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the City, the City and its councilmembers, officers, agents, and employees, immediately upon tender to Consultant of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination that persons other than Consultant are responsible for the claim does not relieve Consultant from its separate and distinct obligation to defend under this section. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if Consultant asserts that liability is caused in whole or in part by the negligence or willful misconduct of the indemnified party. If it is finally adjudicated that liability was caused by the comparative active negligence or willful misconduct of an indemnified party, Consultant may submit a claim to the City for reimbursement of reasonable attorneys' fees and defense costs in proportion to the established comparative liability of the indemnified party.
- (c) The review, acceptance or approval of the City's work or work product by any indemnified party shall not affect, relieve or reduce the City's indemnification or defense obligations. This Section survives completion of the services or the termination of this contract. The provisions of this Section are not limited by and do not affect the provisions of this contract relating to insurance.

10. Insurance Requirements.

- a. Consultant, at Consultant's own cost and expense, shall procure and maintain, for the duration of the contract, the following insurance policies.

- i. **Workers' Compensation Coverage.** Consultant shall maintain Workers' Compensation Insurance and Employer's Liability Insurance for his/her employees in accordance with the laws of the State of California. In addition, Consultant shall require each subcontractor to similarly maintain Workers' Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of California for all of the subcontractor's employees. Any notice of cancellation or non-renewal of all Workers' Compensation policies must be received by the City at least thirty (30) days prior to such change. The insurer shall agree to waive all rights of subrogation against City, its officers, agents, employees and volunteers for losses arising from work performed by Consultant for City. This provision shall not apply if Consultant has no employees performing work under this Agreement. If the Consultant has no employees for the purposes of this Agreement, Consultant shall sign the "Certificate of Exemption from Workers' Compensation Insurance" which is attached hereto as Exhibit C.
- i. **General Liability Coverage.** Consultant shall maintain commercial general liability insurance in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit.
- iii. **Automobile Liability Coverage.** Consultant shall maintain automobile liability insurance covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with the work to be performed under this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount of not less than two million dollars (\$2,000,000) combined single limit for each occurrence.
- iv. **Errors and Omissions Liability.** Consultant shall maintain errors and omissions liability insurance for all work performed under this Agreement in an amount of not less than two million dollars (\$2,000,000).
- b. **Policy Endorsements.** Each general liability and automobile liability insurance policy shall be with insurers possessing a Best's rating of no less than A:VII and shall be endorsed with the following specific language:
 - i. The City of Calexico, its elected or appointed officers, officials, employees, agents and volunteers are to be covered as additional insureds with respect to liability arising out of work performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work or operations.

- ii. This policy shall be considered primary insurance as respects the City, its elected or appointed officers, officials, employees, agents and volunteers. Any insurance maintained by the City, including any self-insured retention the City may have, shall be considered excess insurance only and shall not contribute with it.
 - iii. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.
 - iv. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents or volunteers.
 - v. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days written notice has been received by the City.
- c. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the City's option, Consultant shall demonstrate financial capability for payment of such deductibles or self-insured retentions.
 - d. Certificates of Insurance and Endorsements. Consultant shall provide certificates of insurance with original endorsements to City as evidence of the insurance coverage required herein. Certificates of such insurance shall be filed with the City on or before commencement of performance of this Agreement. Current certification of insurance shall be kept on file with the City at all times during the term of this Agreement.
11. Compliance with Laws. Consultant shall use the standard of care in its profession to comply with all applicable federal, state and local laws, codes, ordinances and regulations.
 12. Licenses. Consultant represents and warrants to City that it has all licenses, permits, qualifications, insurance and approvals of whatsoever nature which are legally required of Consultant to practice its profession. Consultant represents and warrants to City that Consultant shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, insurance and approvals which are legally required of Consultant to practice its profession. Consultant shall obtain a City of Calexico Business License.
 13. Controlling Law Venue. This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this Agreement shall be held exclusively in a state court in the County of Imperial, California.

14. Written Notification. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be in writing and either served personally or sent prepaid, first class mail. Any such notice, demand, etc. shall be addressed to the other party at the address set forth herein below. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this section.

If to City: City of Calexico. City Manager
608 Heber Ave.
Calexico, CA 92231

If to Consultant: _____

15. Consultant's Books and Records.
- a. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to City for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to Consultant to this Agreement.
 - b. Consultant shall maintain all documents and records which demonstrate performance under this Agreement for a minimum period of three (3) years, or for any longer period required by law, from the date of termination or completion of this Agreement.
 - c. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the City Manager, City Attorney, City Auditor or a designated representative of these officers. Copies of such documents shall be provided to the City for inspection at City Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Consultant's address indicated for receipt of notices in this Agreement.
 - d. Where City has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of Consultant's business, City may, by written request by any of the above named officers, require that custody of the records be given to the City and that the records and documents be maintained in City Hall. Access to such records and documents shall be granted

to any party authorized by Consultant, Consultant's representatives, or Consultant's successor-in-interest.

16. Entire Agreement. This Agreement constitutes the complete and exclusive statement of Agreement between the City and Consultant. All prior written and oral communications, including correspondence, drafts, memoranda, and representations, are superseded in total by this Agreement.
17. Amendments. This Agreement may be modified or amended only by a written document executed by both Consultant and City and approved as to form by the City Attorney.
18. Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder.
19. Execution. This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one copy hereof shall have been signed by both parties hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.
20. Assignment and Subcontracting. The parties recognize that a substantial inducement to City for entering into this Agreement is the professional reputation, experience and competence of Consultant. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express consent of the City. Consultant shall not subcontract any portion of the work to be performed under this Agreement without the written authorization of the City. If City consents to such subcontract, Consultant shall be fully responsible to City for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between City and subcontractor nor shall it create any obligation on the part of the City to pay or to see to the payment of any monies due to any such subcontractor other than as otherwise is required by law.
21. Termination. This Agreement may be terminated by the City immediately for cause or by either party without cause upon fifteen days' written notice of termination. Upon termination, Consultant shall be entitled to compensation for services performed up to the effective date of termination.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first written above.

CITY OF CALEXICO:

CONSULTANT:

Esperanza Colio Warren
City Manager

APPROVED AS TO FORM:

ATTEST:

Carlos Campos
City Attorney

Gabriela Garcia
City Clerk

EXHIBIT A
SCOPE OF SERVICES
(proposal dated _____)

EXHIBIT B
SCHEDULE OF CHARGES

EXHIBIT C

CERTIFICATE OF EXEMPTION FROM WORKERS' COMPENSATION INSURANCE

I hereby certify that in the performance of the work for which this Agreement is entered into, I shall not employ any person in any manner so as to become subject to the Workers' Compensation Laws of the State of California.

Executed on this ____ day of _____, 2023, at _____, California.

Consultant

ATTACHMENT #3



CITY OF CALEXICO

608 Heber Ave.
Calexico, CA 92231-2840
Tel: 760.768.2160
Fax: 760.768.0992
www.calexico.ca.gov

Public Works Department

Water and Sewer Rate and Connection Fee Study Addendum No. 1 March 15, 2023

This Addendum forms a part of the Contract Documents for the above identified project and modifies the original request for proposal (RFP) as noted below. Portions of the contract not specifically mentioned in this Addendum, remain in force. All subconsultants affected shall be fully advised of these changes, deletions, and additions.

RESPONSE TO QUESTION(S):

1. The introductory page of the RFP discusses stormwater funding and potential rate adoption. Would you like us to include development of stormwater rates and connection fees in this proposal?

Yes, please include development of stormwater rates and connection fees in the proposal.

2. The RFP mentions two community workshops and two presentations to the City Council. Does the City desire any other in-person meetings such as progress review meetings with staff? Does the City envision progress meetings being conducted virtually via Zoom or telephone?

Community workshops and City Council presentations will be in-person. Please include one (1) in-person kick-off meeting and three (3) virtual progress review meetings with staff.

3. Would the City be willing to accept \$1M of auto liability coverage (instead of \$2M)?

Auto liability coverage will remain as specified in the RFP.

4. Does the City need assistance printing and mailing the Proposition 218 notices of public hearing? This could be an optional additional service.

Yes, the City will need assistance in printing and mailing the Proposition 218 notice for public hearing.

5. What is the budget for this study?

The City has allocated \$90,000 for FY 2022-2023:

[https://www.calexico.ca.gov/vertical/sites/%7B342ED706-1EBB-4FDE-BD1E-9543BAD44C09%7D/uploads/2022-23_Adopted_Budget\(1\).pdf](https://www.calexico.ca.gov/vertical/sites/%7B342ED706-1EBB-4FDE-BD1E-9543BAD44C09%7D/uploads/2022-23_Adopted_Budget(1).pdf)

This Addendum was sent via email. Please acknowledge receipt of this Addendum by signing and returning via email to falomirl@calexico.ca.gov. Also include a copy of the Addendum in your proposal package.

Viva Calexico!

Addendum No. 1
March 15, 2023

Sincerely,



Lilliana Falomir
Public Works Manager – Administrative

ACCEPTANCE OF ADDENDUM

Receipt of the above-mentioned ADDENDUM No. 1, is hereby acknowledged by:

_____ Company Name

This the _____ day of _____, 2023

By: _____

Signature: _____ Title: _____