

AGREEMENT FOR FINANCIAL PLAN AND RATE STUDY FOR WATER SERVICES

City of Glendale Solicitation No. RFP 17-07

This Agreement for financial plan and rate study services ("Agreement") is effective and entered into between CITY OF GLENDALE, an Arizona municipal corporation ("City"), and Raftelis Financial Consultants, Inc, a North Carolina corporation, authorized to do business in Arizona, (the "Consultant"), as of the _____ day of _____, 20_____.

RECITALS

- A. City intends to undertake a project for the benefit of the public and with public funds that is more fully set forth in **Exhibit A**, pursuant to Solicitation No. RFP 17-07 (the "Project");
- B. City desires to retain the services of Consultant to perform those specific duties and produce the specific work as set forth in the Project attached hereto;
- C. City and Consultant desire to memorialize their agreement with this document.

AGREEMENT

In consideration of the Recitals, which are confirmed as true and correct and incorporated by this reference, the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, City and Consultant agree as follows:

1. Key Personnel; Sub-contractors.

- 1.1 Services. Consultant will provide all services necessary to assure the Project is completed timely and efficiently consistent with Project requirements, including, but not limited to, working in close interaction and interfacing with City and its designated employees, and working closely with others, including other contractors or consultants, retained by City.
- 1.2 Project Team.
 - a. Project Manager.
 - (1) Consultant will designate an employee as Project Manager with sufficient training, knowledge, and experience to, in the City's option, complete the Project and handle all aspects of the Project such that the work produced by Consultant is consistent with applicable standards as detailed in this Agreement;
 - (2) The City must approve the designated Project Manager; and
 - (3) To assure the Project schedule is met, Project Manager may be required to devote no less than a specific amount of time as set out in Exhibit A.
 - b. Project Team.
 - (1) The Project Manager and all other employees assigned to the project by Consultant will comprise the "Project Team."
 - (2) Project Manager will have responsibility for and will supervise all other employees assigned to the Project by Consultant.
 - c. Discharge, Reassign, Replacement.
 - (1) Consultant acknowledges the Project Team is comprised of the same persons and roles for each as may have been identified in the response to the Project's solicitation.

- (2) Consultant will not discharge, reassign or replace or diminish the responsibilities of any of the employees assigned to the Project who have been approved by City without City's prior written consent unless that person leaves the employment of Consultant, in which event the substitute must first be approved in writing by City.
- (3) Consultant will change any of the members of the Project Team at the City's request if an employee's performance does not equal or exceed the level of competence that the City may reasonably expect of a person performing those duties or if the acts or omissions of that person are detrimental to the development of the Project.

d. Sub-contractors.

- (1) Consultant may engage specific technical contractor (each a "Sub-contractor") to furnish certain service functions.
- (2) Consultant will remain fully responsible for Sub-contractor's services.
- (3) Sub-contractors must be approved by the City, unless the Sub-contractor was previously mentioned in the response to the solicitation.
- (4) Consultant shall certify by letter that contracts with Sub-contractors have been executed incorporating requirements and standards as set forth in this Agreement.

2. **Schedule.** The services will be undertaken in a manner that ensures the Project is completed timely and efficiently in accordance with the Project.

3. **Consultant's Work.**

3.1 Standard. Consultant must perform services in accordance with the standards of due diligence, care, and quality prevailing among consultant having substantial experience with the successful furnishing of services for projects that are equivalent in size, scope, quality, and other criteria under the Project and identified in this Agreement.

3.2 Licensing. Consultant warrants that:

- a. Consultant and Sub-contractors will hold all appropriate and required licenses, registrations and other approvals necessary for the lawful furnishing of services ("Approvals"); and
- b. Neither Consultant nor any Sub-contractor has been debarred or otherwise legally excluded from contracting with any federal, state, or local governmental entity ("Debarment").
 - (1) City is under no obligation to ascertain or confirm the existence or issuance of any Approvals or Debarments or to examine Consultant's consulting ability.
 - (2) Consultant must notify City immediately if any Approvals or Debarment changes during the Agreement's duration and the failure of the Consultant to notify City as required will constitute a material default under the Agreement.

3.3 Compliance. Services will be furnished in compliance with applicable federal, state, county and local statutes, rules, regulations, ordinances, building codes, life safety codes, and other standards and criteria designated by City.

Consultant must not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, age, marital status, sexual orientation, gender identity or expression, genetic characteristics, familial status, U.S. military veteran status or any disability. Consultant will require any Sub-contractor to be bound to the same requirements as stated within this section. Consultant, and on behalf of any subcontractors, warrants compliance with this section.

3.4 Coordination; Interaction.

- a. For projects that the City believes requires the coordination of various professional services, Consultant will work in close consultation with City to proactively interact with any other professionals retained by City on the Project ("Coordinating Project Professionals").
- b. Subject to any limitations expressly stated in the Project Budget, Consultant will meet to review the Project, Schedule, Project Budget, and in-progress work with Coordinating Project Professionals and City as often and for durations as City reasonably considers necessary in order to ensure the timely work delivery and Project completion.
- c. For projects not involving Coordinating Project Professionals, Consultant will proactively interact with any other consultants when directed by City to obtain or disseminate timely information for the proper execution of the Project.

3.5 Work Product.

- a. Ownership. Upon receipt of payment for services furnished, Consultant grants to City, and will cause its Sub-contractors to grant to the City, the exclusive ownership of and all copyrights, if any, to evaluations, reports, drawings, specifications, project manuals, surveys, estimates, reviews, minutes, all "architectural work" as defined in the United States Copyright Act, 17 U.S.C § 101, *et seq.*, and other intellectual work product as may be applicable ("Work Product").
 - (1) This grant is effective whether the Work Product is on paper (e.g., a "hard copy"), in electronic format, or in some other form.
 - (2) Consultant warrants, and agrees to indemnify, hold harmless and defend City for, from and against any claim that any Work Product infringes on third-party proprietary interests.
- b. Delivery. Consultant will deliver to City copies of the preliminary and completed Work Product promptly as they are prepared.
- c. City Use.
 - (1) City may reuse the Work Product at its sole discretion.
 - (2) In the event the Work Product is used for another project without further consultations with Consultant, the City agrees to indemnify and hold Consultant harmless from any claim arising out of the Work Product.
 - (3) In such case, City shall also remove any seal and title block from the Work Product.

4. **Compensation for the Project.**

- 4.1 Compensation. Consultant's compensation for the Project, including those furnished by its Sub-contractors will not exceed \$88,860.00, as specifically detailed in **Exhibit B** (the "Compensation").
- 4.2 Change in Scope of Project. The Compensation may be equitably adjusted if the originally contemplated scope of services as outlined in the Project is significantly modified.
 - a. Adjustments to the Compensation require a written amendment to this Agreement and may require City Council approval.
 - b. Additional services which are outside the scope of the Project contained in this Agreement may not be performed by the Consultant without prior written authorization from the City.
 - c. Notwithstanding the incorporation of the Exhibits to this Agreement by reference, should any conflict arise between the provisions of this Agreement and the provisions found in

the Exhibits and accompanying attachments, the provisions of this Agreement shall take priority and govern the conduct of the parties.

5. Billings and Payment.

5.1 Applications.

- a. Consultant will submit monthly invoices (each, a "Payment Application") to City's Project Manager and City will remit payments based upon the Payment Application as stated below.
- b. The period covered by each Payment Application will be one calendar month ending on the last day of the month or as specified in the solicitation.

5.2 Payment.

- a. After a full and complete Payment Application is received, City will process and remit payment within 30 days.
- b. Payment may be subject to or conditioned upon City's receipt of:
 - (1) Completed work generated by Consultant and its Sub-contractors; and
 - (2) Unconditional waivers and releases on final payment from Sub-contractors as City may reasonably request to assure the Project will be free of claims arising from required performances under this Agreement.

5.3 Review and Withholding. City's Project Manager will timely review and certify Payment Applications.

- a. If the Payment Application is rejected, the Project Manager will issue a written listing of the items not approved for payment.
- b. City may withhold an amount sufficient to pay expenses that City reasonably expects to incur in correcting the deficiency or deficiencies rejected for payment.

6. Termination.

6.1 For Convenience. City may terminate this Agreement for convenience, without cause, by delivering a written termination notice stating the effective termination date, which may not be less than 30 days following the date of delivery.

- a. Consultant will be equitably compensated for Goods or Services furnished prior to receipt of the termination notice and for reasonable costs incurred.
- b. Consultant will also be similarly compensated for any approved effort expended and approved costs incurred that are directly associated with project closeout and delivery of the required items to the City.

6.2 For Cause. City may terminate this Agreement for cause if Consultant fails to cure any breach of this Agreement within seven days after receipt of written notice specifying the breach.

- a. Consultant will not be entitled to further payment until after City has determined its damages. If City's damages resulting from the breach, as determined by City, are less than the equitable amount due but not paid Consultant for Service and Repair furnished, City will pay the amount due to Consultant, less City's damages, in accordance with the provision of § 5.
- b. If City's direct damages exceed amounts otherwise due to Consultant, Consultant must pay the difference to City immediately upon demand; however, Consultant will not be subject to consequential damages of more than \$1,000,000 or the amount of this Agreement, whichever is greater.

7. **Conflict.** Consultant acknowledges this Agreement is subject to A.R.S. § 38-511, which allows for cancellation of this Agreement in the event any person who is significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on City's behalf is also an employee, agent, or consultant of any other party to this Agreement.

8. **Insurance.**

8.1 Requirements. Consultant must obtain and maintain the following insurance ("Required Insurance"):

- a. Consultant and Sub-contractors. Consultant, and each Sub-contractor performing work or providing materials related to this Agreement must procure and maintain the insurance coverages described below (collectively referred to herein as the "Consultant's Policies"), until each Party's obligations under this Agreement are completed.
- b. General Liability.
 - (1) Consultant must at all times relevant hereto carry a commercial general liability policy with a combined single limit of at least \$1,000,000 per occurrence and \$1,000,000 annual aggregate for each property damage and contractual property damage.
 - (2) Sub-contractors must at all times relevant hereto carry a general commercial liability policy with a combined single limit of at least \$1,000,000 per occurrence.
 - (3) This commercial general liability insurance must include independent consultants' liability, contractual liability, broad form property coverage, XCU hazards if requested by the City, and a separation of insurance provision.
 - (4) These limits may be met through a combination of primary and excess liability coverage.
- c. Professional Liability. Professional Liability (Errors and Omissions) Insurance appropriate to the Consultant's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.
- d. Auto. A business auto policy providing a liability limit of at least \$1,000,000 per accident for Consultant and \$1,000,000 per accident for Sub-contractors and covering owned, non-owned and hired automobiles.
- e. Workers' Compensation and Employer's Liability. A workers' compensation and employer's liability policy providing at least the minimum benefits required by Arizona law.
- f. Notice of Changes. Consultant's Policies must provide for not less than 30 days' advance written notice to City Representative of:
 - (1) Cancellation or termination of Consultant or Sub-contractor's Policies;
 - (2) Reduction of the coverage limits of any of Consultant or and Sub-contractor's Policies; and
 - (3) Any other material modification of Consultant or Sub-contractor's Policies related to this Agreement.
- g. Certificates of Insurance.
 - (1) Within 10 business days after the execution of the Agreement, Consultant must deliver to City Representative certificates of insurance for each of Consultant and Sub-contractor's Policies, which will confirm the existence or issuance of Consultant and Sub-contractor's Policies in accordance with the provisions of this section, and copies of the endorsements of Consultant and Sub-contractor's Policies in accordance with the provisions of this section.

- (2) City is and will be under no obligation either to ascertain or confirm the existence or issuance of Consultant and Sub-contractor's Policies, or to examine Consultant and Sub-contractor's Policies, or to inform Consultant or Sub-contractor in the event that any coverage does not comply with the requirements of this section.
 - (3) Consultant's failure to secure and maintain Consultant Policies and to assure Sub-contractor policies as required will constitute a material default under the Agreement.
- h. Other Consultants or Vendors.
 - (1) Other consultants or vendors that may be contracted with in connection with the Project must procure and maintain insurance coverage as is appropriate to their particular contract.
 - (2) This insurance coverage must comply with the requirements set forth above for Consultant's Policies (e.g., the requirements pertaining to endorsements to name the parties as additional insured parties and certificates of insurance).
- i. Policies. Except with respect to workers' compensation and employer's liability coverages, City must be named and properly endorsed as additional insureds on all liability policies required by this section.
 - (1) The coverage extended to additional insureds must be primary and must not contribute with any insurance or self insurance policies or programs maintained by the additional insureds.
 - (2) All insurance policies obtained pursuant to this section must be with companies legally authorized to do business in the State of Arizona and reasonably acceptable to all parties.

8.2 Sub-contractors.

- a. Consultant must also cause its Sub-contractors to obtain and maintain the Required Insurance.
- b. City may consider waiving these insurance requirements for a specific Sub-contractor if City is satisfied the amounts required are not commercially available to the Sub-contractor and the insurance the Sub-contractor does have is appropriate for the Sub-contractor's work under this Agreement.
- c. Consultant and Sub-contractors must provide to the City proof of the Required Insurance whenever requested.

8.3 Indemnification.

- a. To the fullest extent permitted by law, Consultant must defend, indemnify, and hold harmless City and its elected officials, officers, employees and agents (each, an "Indemnified Party," collectively, the "Indemnified Parties"), for, from, and against any and all claims, demands, actions, damages, judgments, settlements, personal injury (including sickness, disease, death, and bodily harm), property damage (including loss of use), infringement, governmental action and all other losses and expenses, including attorneys' fees and litigation expenses (each, a "Demand or Expense"; collectively, "Demands or Expenses") asserted by a third-party (i.e. a person or entity other than City or Consultant) and that arises out of or results from the breach of this Agreement by the Consultant or the Consultant's negligent actions, errors or omissions (including any Sub-contractor or other person or firm employed by Consultant), whether sustained before or after completion of the Project.
- b. This indemnity and hold harmless provision applies even if a Demand or Expense is in part due to the Indemnified Party's negligence or breach of a responsibility under this

Agreement, but in that event, Consultant shall be liable only to the extent the Demand or Expense results from the negligence or breach of a responsibility of Consultant or of any person or entity for whom Consultant is responsible.

- c. Consultant is not required to indemnify any Indemnified Parties for, from, or against any Demand or Expense resulting from the Indemnified Party's sole negligence or other fault solely attributable to the Indemnified Party.

- 9. **E-verify, Records and Audits.** To the extent applicable under A.R.S. § 41-4401, the Consultant warrant their compliance and that of its subcontractors with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Consultant or subcontractor's breach of this warranty shall be deemed a material breach of the Agreement and may result in the termination of the Agreement by the City under the terms of this Agreement. The City retains the legal right to randomly inspect the papers and records of the other party to ensure that the other party is complying with the above-mentioned warranty. The Consultant and subcontractor warrant to keep their respective papers and records open for random inspection during normal business hours by the other party. The parties shall cooperate with the City's random inspections, including granting the inspecting party entry rights onto their respective properties to perform the random inspections and waiving their respective rights to keep such papers and records confidential.
- 10. **No Boycott of Israel.** The Parties agree that they are not currently engaged in, and agree that for the duration of the Agreement they will not engage in, a boycott of Israel, as that term is defined in A.R.S. §35-393.
- 11. **Attestation of PCI Compliance.** When applicable, the Consultant will provide the City annually with a Payment Card Industry Data Security Standard (PCI DSS) attestation of compliance certificate signed by an officer of Consultant with oversight responsibility.
- 12. **Notices.**
 - 12.1 A notice, request or other communication that is required or permitted under this Agreement (each a "Notice") will be effective only if:
 - a. The Notice is in writing; and
 - b. Delivered in person or by overnight courier service (delivery charges prepaid), certified or registered mail (return receipt requested); and
 - c. Notice will be deemed to have been delivered to the person to whom it is addressed as of the date of receipt, if:
 - (1) Received on a business day, or before 5:00 p.m., at the address for Notices identified for the Party in this Agreement by U.S. Mail, hand delivery, or overnight courier service on or before 5:00 p.m.; or
 - (2) As of the next business day after receipt, if received after 5:00 p.m.
 - d. The burden of proof of the place and time of delivery is upon the Party giving the Notice; and
 - e. Digitalized signatures and copies of signatures will have the same effect as original signatures.

12.2 Representatives.

- a. Consultant. Consultant's representative (the "Consultant's Representative") authorized to act on Consultant's behalf with respect to the Project, and his or her address for Notice delivery is:

Raftelis Financial Consultants, Inc.
c/o Richard D. Giardina, CPA, Executive Vice President
5719 DTC Parkway, Suite 175
Greenwood Village, Colorado 80111
(303) 305-1136

- b. City. City's representative ("City's Representative") authorized to act on City's behalf, and his or her address for Notice delivery is:

City of Glendale
c/o Dan Hatch, Water Services Financial Programs Admin
7070 West Northern Avenue
Glendale, Arizona 85303
623-930-4105

With required copy to:

City Manager
City of Glendale
5850 West Glendale Avenue
Glendale, Arizona 85301

City Attorney
City of Glendale
5850 West Glendale Avenue
Glendale, Arizona 85301

- c. Concurrent Notices.

- (1) All notices to City's representative must be given concurrently to City Manager and City Attorney.
- (2) A notice will not be deemed to have been received by City's representative until the time that it has also been received by City Manager and City Attorney.
- (3) City may appoint one or more designees for the purpose of receiving notice by delivery of a written notice to Consultant identifying the designee(s) and their respective addresses for notices.

- d. Changes. Consultant or City may change its representative or information on Notice, by giving Notice of the change in accordance with this section at least ten days prior to the change.

13. **Financing Assignment.** City may assign this Agreement to any City-affiliated entity, including a non-profit corporation or other entity whose primary purpose is to own or manage the Project.

14. **Entire Agreement; Survival; Counterparts; Signatures.**

- 14.1 Integration. This Agreement contains, except as stated below, the entire agreement between City and Consultant and supersedes all prior conversations and negotiations between the parties regarding the Project or this Agreement.

- a. Neither Party has made any representations, warranties or agreements as to any matters concerning the Agreement's subject matter.
- b. Representations, statements, conditions, or warranties not contained in this Agreement will not be binding on the parties.
- c. The solicitation, any addendums and the response submitted by the Consultant are incorporated into this Agreement as if attached hereto. Any Consultant response modifies

the original solicitation as stated. Inconsistencies between the solicitation, any addendums and the response or any excerpts attached as Exhibit A and this Agreement will be resolved by the terms and conditions stated in this Agreement.

14.2 Interpretation.

- a. The parties fairly negotiated the Agreement's provisions to the extent they believed necessary and with the legal representation they deemed appropriate.
- b. The parties are of equal bargaining position and this Agreement must be construed equally between the parties without consideration of which of the parties may have drafted this Agreement.
- c. The Agreement will be interpreted in accordance with the laws of the State of Arizona.

14.3 Survival. Except as specifically provided otherwise in this Agreement, each warranty, representation, indemnification and hold harmless provision, insurance requirement, and every other right, remedy and responsibility of a Party, will survive completion of the Project, or the earlier termination of this Agreement.

14.4 Amendment. No amendment to this Agreement will be binding unless in writing and executed by the parties. Any amendment may be subject to City Council approval. Electronic signature blocks do not constitute execution.

14.5 Remedies. All rights and remedies provided in this Agreement are cumulative and the exercise of any one or more right or remedy will not affect any other rights or remedies under this Agreement or applicable law.

14.6 Severability. If any provision of this Agreement is voided or found unenforceable, that determination will not affect the validity of the other provisions, and the voided or unenforceable provision will be deemed reformed to conform to applicable law.

14.7 Counterparts. This Agreement may be executed in counterparts, and all counterparts will together comprise one instrument.

15. **Term.** The term of this Agreement commences upon the effective date and continues for a two (2)-year initial period. There will be no renewal or extension of this Agreement's term.

16. **Dispute Resolution.** Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered according to the American Arbitration Association's Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

17. **Exhibits.** The following exhibits, with reference to the term in which they are first referenced, are incorporated by this reference.

Exhibit A	Project
Exhibit B	Compensation

(Signatures appear on the following page.)

The parties enter into this Agreement as of the effective date shown above.

City of Glendale,
an Arizona municipal corporation

By: Kevin R. Phelps
Its: City Manager

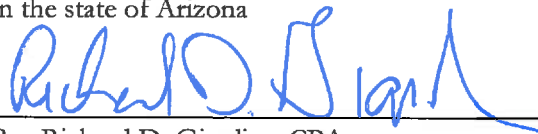
ATTEST:

Julie K. Bower
City Clerk (SEAL)

APPROVED AS TO FORM:

Michael D. Bailey
City Attorney

Raftelis Financial Consultants, Inc.,
a North Carolina corporation authorized to do business
in the state of Arizona



By: Richard D. Giardina, CPA
Its: Executive Vice President

EXHIBIT A
FINANCIAL PLAN AND RATE STUDY FOR WATER SERVICES
RFP 17-07
PROJECT

The Consultant shall provide assistance with updating the Water Department's various planning and water and sewer rate-related models; and to perform financial analysis of the resulting plans and rate schedules for the water and wastewater systems.



EXHIBIT A
CITY OF GLENDALE
MATERIALS MANAGEMENT
REQUEST FOR PROPOSAL

SOLICITATION NUMBER: RFP 17-07

DESCRIPTION: FINANCIAL PLAN & RATE STUDY FOR
WATER SERVICES

PUBLISHED DATE: AUGUST 11, 2016

OFFER DUE DATE AND TIME: SEPTEMBER 13, 2016, 2:00 pm local time

SUBMITTAL LOCATION: City of Glendale
Materials Management
5850 West Glendale Avenue, Suite 317
Glendale, Arizona 85301

Proposals must be in the actual possession of Materials Management on or prior to the time and date, and at the location indicated. Materials Management is located on the third (3rd) floor of the Glendale Municipal Office Complex (City Hall) in the Engineering Department. Proposals are accepted from the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, unless otherwise indicated for a holiday. All proposals will be received and time/date stamped at the Engineering Department's window. Late proposals will not be considered.

The City of Glendale is closed in honor of Labor Day, September 5, 2016.

Proposals must be submitted in a sealed envelope with the Solicitation Number and the Offeror's name and address clearly indicated on the envelope. See Paragraph 2.3 for additional instructions for preparing an offer.

Proposals shall be opened publicly at the time, place and location designated on this page. Only the name of each Offeror shall be publicly read and recorded. All other information contained in the proposals shall be confidential so as to avoid disclosure of contents prejudicial to competing Offerors.

OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE SOLICITATION.

For questions regarding this solicitation contact:

Crista Clevenger
Contract Analyst
(623) 930-2865
CClevenger@Glendaleaz.com



Solicitation Number: RFP 17-07

**FINANCIAL PLAN & RATE STUDY
FOR WATER SERVICES**

CITY OF GLENDALE
Materials Management
5850 West Glendale
Avenue, Suite 317
Glendale, Arizona 85301

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**FINANCIAL PLAN & RATE STUDY
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CITY OF GLENDALE
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1.0 SPECIFICATIONS

1.1 INTRODUCTION The City of Glendale (“City”) is soliciting Requests for Proposals from qualified firms or individuals (“Consultant”) to provide consulting services as described within this solicitation. It is anticipated that the study tasks will be completed within 90 days of signing an agreement. Taking any proposals to Council would follow as prescribed by Arizona regulations and City ordinances.

1.2 BACKGROUND The City of Glendale has a population of approximately 235,000 and is located on the northwest boarder of Phoenix. Glendale is the fifth largest city in Arizona and has been one of the fastest-growing cities in one of the fastest-growing metropolitan areas in the United States over the past three decades.

The City’s water and sewer system service approximately 61,700 customers. Additional information is provided in Official Statement, Appendix A from the City of Glendale, Arizona, Senior Lien Water and Sewer Revenue Refunding Obligation Series 2015.

1.3 SCOPE OF WORK The objective of the Water Services Financial Plan and Rate Study is for the Consultant to provide assistance with updating the department’s various planning and water and sewer rate-related models; and to perform financial analysis of the resulting plans and rate schedules for the water and wastewater systems. The Consultant will complete the following tasks:

1.3.1 Project Initiation Workshop

Conduct a workshop with city staff to confirm study objectives; identify city, industry, and department fiscal objectives; establish communication protocols; discuss the study approach; establish a schedule to complete each task group; assign responsibilities; provide a request list of relevant financial, operating, customer demographic and usage data; review the MS Excel-based proforma, revenue forecast, and rate-related models format; and discuss the expected deliverables for each task group. This meeting may be conducted by conference call.

1.3.2 Financial Plans

1.3.2.1 Review each system’s 10-year financial plan assumptions for system growth, customer usage, expenditure and economy factors and other relevant information that was used to develop the plan;

1.3.2.2 Evaluate and recommend modifications to the methodology used in the financial model including evaluating each of the following data components: revenues from charges and other revenue sources; operation and maintenance costs; capital improvement costs; and debt service;

1.3.2.3 Analyze various funding options for capital outlay and calculate the impact on the plans;

1.3.2.4 Evaluate the plans for compliance with City’s ordinances and fiscal policies and achieving Water Services fiscal objectives;



Solicitation Number: RFP 17-07

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- 1.3.2.5 Determine the annual rate revenue adjustments required to sufficiently meet the revenue requirements over the 10-year period;
- 1.3.2.6 Recommend minimum and optimal Operating Fund, Debt Service, and Equipment Replacement Reserves parameters that meet City policy and financial objectives;
- 1.3.2.7 Calculate for analysis purposes only, Net Operating Revenues for debt service coverage ratio tests and determine if there the Net Operating Revenues are sufficient to pay all debt obligations as set forth in the bond documents and covenants; and
- 1.3.2.8 Compare the department's financial position to at least three other cities in the metro area, Tucson, and at least two cities nationally of similar system characteristics and population demographics based on standard financial and production benchmarking ratios.

1.3.3 Cost of Service

For the water system

- 1.3.3.1 Compile system data to determine the cost to provide the service in accordance with accepted methods of the American Water Works Association;
- 1.3.3.2 Allocate operating and capital costs to the functional cost components by base, extra capacity, and customer;
- 1.3.3.3 Review customer class categories and rate tiers to determine their necessity and sufficiency based on number of customers, range of usage volume, and similarity to other classes;
- 1.3.3.4 Calculate annual units of service for each class; and
- 1.3.3.5 Distribute functionalized costs to customer classes in proportion to class units of service.

1.3.4 Cost of Service

For the wastewater system

- 1.3.4.1 Compile wastewater system data to determine the cost to provide the service in accordance with accepted methods of the Water Environmental Federation;
- 1.3.4.2 Allocate operating and capital costs to functional cost components by usage volume, strengths (BOD/COD, TSS) and customer;
- 1.3.4.3 Review customer class categories to determine their necessity and sufficiency based on number of customers, range of usage volume, and similarity to other classes;
- 1.3.4.4 Calculate annual units of service for each class; and
- 1.3.4.5 Distribute functionalized costs to customer classes in proportion to class units of service.



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1.3.5 Rate Structure and Schedule

- 1.3.5.1** Design proposed water and wastewater rate schedules based on the cost of service that at the forecasted billable usage by customer class produce the required revenue in the first full-fiscal year of the financial plan. The city may expand this task to include rate adjustments in the second year also;
- 1.3.5.2** Prepare a comparison of the impact by customer class and usage from the current rate schedules to the proposed rate schedules;
- 1.3.5.3** Propose at least two alternative water rate structures that consider the changes in customer usage and conservation objectives. Discuss rate tier ranges;
- 1.3.5.4** Prepare a matrix of the percentage impact of the initial rate adjustment by customer class (rate code) by volume level;
- 1.3.5.5** Formulate an opinion of whether the rates are just and equitable based on Arizona regulations, City policy, and industry standards; and
- 1.3.5.6** Make a comparison of the average water and sewer bill to at least five other metro area cities for the single-family and commercial customer.

1.3.6 Financial Plan and Rate Study Review Report

- 1.3.6.1** Prepare and deliver to staff a draft Water Services Financial Plan and Rate Study Report that discusses the method, results, and recommendations from work on each group of the tasks 1.3.1 through 1.3.5;
- 1.3.6.2** Conduct a conference call to discuss findings and recommendations; and
- 1.3.6.3** Prepare a final report with staff comments and deliver to city in an appropriate format.


1.3.7 Recommendations to City Council

- 1.3.7.1** Assist staff with the preparation of the presentation of the report and recommendations to City Council; and
- 1.3.7.2** Attend and participate at one on-site meeting with City Council.

1.3.8 Optional Tasks


The City may request services that are supplemental to those included in the work plan. These services will be provided upon written authorization from the City. Possible services may include the following:

- 1.3.8.1** Compile reclaimed water data to determine the cost to provide the service in accordance with accepted methods of the Water Environmental Federation. Propose rate schedule design;
- 1.3.8.2** Present a conceptual design for a separate city storm water rate study that discusses the methodology, policy options, data requirements, and feasibility for developing a storm water fee schedule;
- 1.3.8.3** Prepare additional revisions of report after the draft and final editions; and
- 1.3.8.4** Attend and participate at more than one on-site meeting with City Council.

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1.4 DELIVERABLES The Consultant will provide the following memorandums and schedules to document the results as part of completing the task:

- 1.4.1** Prepare technical memorandum summarizing workshop discussion and results for Section 1.3.1 Project Initiation Workshop;
- 1.4.2** Prepare technical memorandum summarizing the financial plans review, evaluation results and any recommended modifications to the financial plans for Section 1.3.2 Financial Plans;
- 1.4.3** Update and/or modify the City Cost of Service model for Section 1.3.3 for Cost of Services *Water System*;
- 1.4.4** Update and/or modify the City Cost of Service model for Section 1.3.4 for Cost of Services *Wastewater System*;
- 1.4.5** Prepare Water and Wastewater rates schedules for Section 1.3.5 Rate Structure and Schedule; and
- 1.4.6** Prepare Water Services Financial Plan and Rate Study Report for Section 1.3.6 Financial Plan and Rate Study Review Report.

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2.0 SPECIAL INSTRUCTIONS

- 2.1 RETURN OF OFFER** The Offeror shall submit three (3) hardcopies marked as “Copies”. The offeror shall submit a complete Proposal on a CD or flash drive as one file folder. The folder shall be identified as “RFP 17-07 – ‘Original - Name of Offeror.’” (For example: RFP 17-07 – Original - ABC Company.)

The Proposal shall be submitted in a bound format (i.e. three (3) ring loose-leaf binders, spiral and/or report covers). The Proposal should be divided by tab sections according to items listed in the **Preparation of Proposal Package Instructions section 2.2**. This will assist the evaluation panel in identifying items and information submitted within the proposal. Offerors may reproduce the forms and recreate information, but all of the required information must be presented in the order requested.

The Offeror shall complete all sections of the solicitation in the format given in the space provided. If additional space is needed than what is given, enter “See attachment for detail.” Proposals that do not conform to the above format may be rejected.

The Offeror shall bear all costs associated with submitting the proposal, including proposal preparation, site visitation or any travel connected with submission of the proposal. The City shall have no liability whatsoever for such costs.

- 2.2 PREPARATION OF PROPOSAL PACKAGE** The following sections shall be completed as outlined in section 2.3 SUBMISSION REQUIREMENTS. Failure to include all the items may result in an offer being rejected.

- **COVER SHEET, Firm’s name, address, solicitation number and title**
- **SUBMISSION REQUIREMENTS, Section 2.3**
- **PRICE SHEET, Section 4.0**
- **OFFER SHEET, Section 5.0**
- **ADDENDUM, Return all addenda if applicable**


- 2.3 SUBMISSION REQUIREMENTS** Offeror will provide written, narrative response for each item requested within the criteria below. *Unnecessarily elaborate responses beyond that sufficient to present a complete and effective response to this solicitation are not desired. Do not provide general answers or reference to sales literature.* When applicable, supporting documents should be attached and reference the appropriate criterion. Offeror, at a minimum, must submit the following information:

2.3.1 FIRM’S EXPERIENCE, QUALIFICATIONS, AND PROPOSED STAFF

Offeror’s proposal should include a Company profile that:

2.3.1.1 Provides the company history including number of years in business;

2.3.1.2 Provides a brief description of firm’s qualifications and experience working with municipalities and/or utilities, demonstrating firm’s qualifications to provide the service described herein;

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2.3.1.3 Provides a narrative identifying key personnel performing the scope of work, including job title, length of service with firm, experience in performing specific task; and

2.3.1.4 Provides references from a minimum of three (3) current or past clients with similar services within the last five (5) years (municipalities preferred). References shall include:

- Name of government agency or corporation;
- Contact person, position, telephone number and email address; and
- Brief scope of work performed.

2.3.2 WORK MANAGEMENT PLAN Provide a work management plan that will demonstrate an understanding of the scope of work and the objectives of the study. This section must summarize the firm's approach to completing the scope and proposed time schedule to complete each task group.

2.3.3 COST The respondent must completely fill out the Price Sheet, Section 4.0 relating to its proposed fee amount not to exceed for providing financial plan & rate study services. All fees shall be inclusive of personnel, benefits, technology, travel, housing and support expenses.

2.4 EVALUATION CRITERIA The evaluation criteria are weighted in accordance with the Submission Requirements, Section 2.3 as follows:

2.4.1	Experience and Qualifications, & Proposed Staff	40%
2.4.2	Work Management Plan	25%
2.4.3	Cost	35%

2.5 TYPE OF AWARD The City reserves the right to make multiple awards or to award by group of line items, or to make an aggregate award, whichever is deemed most advantageous to the City. If the City determines that an aggregate award to one bidder is not in the City's best interest, "all or none" Bids shall be rejected.

2.6 ALTERNATE OFFERS/EXCEPTIONS Offers submitted as alternates, or on the basis of exceptions to specific conditions of purchase and/or required specifications, must be submitted as an attachment referencing the specific paragraph number(s) and adequately defining the alternate or exception submitted. Offeror shall clearly and specifically detail all exceptions to the exact requirements imposed by this solicitation. Detailed product brochures and/or technical literature, suitable for evaluation, must be submitted with the Offer. If no exceptions are taken, City will expect and require complete compliance with the specifications and all conditions of purchase.

2.7 SITE INSPECTION Offeror shall visit the site(s) to become familiar with any conditions which may affect the performance and pricing. Submission of an Offer will be prima facie evidence that the Offeror did, in fact, make a site inspection and is aware of all conditions.




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- 2.8 INQUIRIES** Any question related to the Request for Proposal shall be directed to the Contract Officer whose name appears above. An Offeror shall not contact or ask questions of the department for whom the requirement is being procured. The Contract Officer may require any and all questions be submitted in writing. Offerors are encouraged to submit written questions via electronic mail or facsimile, no later than **five days** prior to the proposal due date. Any correspondence related to a solicitation should refer to the appropriate Request for Proposal number, page and paragraph number. An envelope containing questions should be identified as such; otherwise it may not be opened until after the official proposal due date and time. Oral interpretations or clarifications will be without legal effect. Only questions answered by a formal written amendment to the Request for Proposal will be binding.
- 2.9 EVALUATION PANEL** Offeror submittals will be evaluated by an evaluation panel. Award shall be made to the responsive, responsible Offeror whose proposal is determined to be the most advantageous to the City.
- 2.10 PANEL CONTACT** Offerors shall have no exclusive meetings, conversations or communications with an individual evaluation panel member on any aspect of the RFP, after submittal.
- 2.11 INTERVIEWS** The City reserves the right to conduct interviews with some or all of the Offerors at any point during the evaluation process. However, the City may determine that interviews are not necessary. In the event interviews are conducted, information provided during the interview process shall be taken into consideration when evaluating the stated criteria. The City shall not reimburse the Offeror for the costs associated with the interview process.
- 2.12 ADDITIONAL INVESTIGATIONS** The City reserves the right to make such additional investigations as it deems necessary to establish the competence and financial stability of any Offeror submitting a proposal.
- 2.13 DISCUSSIONS AND REVISIONS TO PROPOSAL** Discussions may be conducted with responsible Offerors who submit proposals determined to be reasonably susceptible of being selected for award; and may obtain pertinent information for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Should the City elect to call for 'best and final' offers, Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing Offerors. The purposes of such discussions shall be to:
- 2.13.1** Determine in greater detail such Offeror's qualifications, and
 - 2.13.2** Explore with the scope and nature of the project, the Offeror's proposed method of performance, and the relative utility of alternate methods of approach;
 - 2.13.3** Determining that the Offeror will make available the necessary personnel and facilities to perform within the required time;

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- 2.13.4** Agreeing upon compensation which is fair and reasonable, taking into account the estimated value of the required services, and the scope, complexity and nature of such services.
- 2.14 BEST AND FINAL OFFERS** The City may request best and final offers if deemed necessary, and will determine the scope and subject of any best and final request.
- 2.15 PROPOSAL EVALUATION** The City reserves the right to secure additional information from the Offeror in various forms and or to award based on submitted information.
- 2.16 NOTICE OF INTENT TO AWARD AND PROTEST PERIOD** Information about the recommended award for this solicitation will be posted on the Internet. The information will be available for review on the City's Materials Management Internet home page www.glendaleaz.com/purchasing immediately after the City has completed its evaluation process of the offers received. If you have any questions, or would like further information about an intended award, contact the contract analyst immediately. Any protest must be submitted to the Materials Manager no later than seven (7) calendar days from the date of posting on the Internet. Please go to: <http://www.glendaleaz.com/Purchasing/doingbusinesswithglendale.cfm> for information and instructions on how to file a protest with the City of Glendale.
- 2.17 WITHDRAWAL OF PROPOSAL** At any time prior to the specified solicitation due date and time, an Offeror may formally withdraw the proposal by a written letter, facsimile or electronic mail from the Offeror or a designated representative. Telephonic or oral withdrawals shall not be considered.
- 2.18 OFFER ERRORS OMISSIONS AND CORRECTIONS** The City will **not** be responsible for any offeror errors or omissions. All prices and notations shall be written in ink or typed. Changes or corrections made on the offer form must be initialed in ink by the individual signing the offer. No corrections will be permitted after the offers have been opened.
- 2.19 COMPETITIVE NEGOTIATIONS** Exclusive or concurrent negotiations may be conducted with responsible Offeror(s) for the purpose of altering or otherwise changing the conditions, terms and price of the proposed contract unless prohibited. Offerors shall be accorded fair and equal treatment in conducting negotiations and there shall be no disclosure of any information derived from proposals submitted by competing offerors. Exclusive or concurrent negotiations shall not constitute a contract award nor shall it confer any property rights to the successful Offeror. In the event the City deems that negotiations are not progressing, the City may formally terminate these negotiations and may enter into subsequent concurrent or exclusive negotiations with the next most qualified offeror(s).
- 2.20 NO CONTACT, NO INFLUENCE DURING THE RFP PROCESS** The City is conducting a competitive RFP process for the contract, free from improper influence or lobbying. There shall be **no** contact concerning this RFP from Offerors submitting a

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Proposal with any member of the City Council, RFP Evaluation Committee Members, or anyone connected with the process for or on behalf of the City. Contact includes direct or indirect contact by the Offeror, its employees, attorneys, lobbyists, surrogates, etc. in an attempt to influence the RFP process.

From the time the RFP is issued until the expiration of the protest period or the resolution of any protest, whichever is later (the “Black-Out Period”), Offerors, directly or indirectly through others, are restricted from attempting to influence in any manner the decision making process through, including but not limited to, the use of paid media; contacting or lobbying the City Council or City Manager or any other City employee (other than Material Management employees); the use of any media for the purpose of influencing the outcome; or in any other way that could be construed to influence any part of the decision-making process about this RFP. This provision shall not prohibit an Offeror from petitioning an elected official or engaging in any other protected first amendment activity after the protest period has run or any protest has been resolved, whichever is later.

Violation of this provision will cause the proposal or offer of the Offeror to be found in violation and to be rejected.

2.21 PROPRIETARY INFORMATION An Offeror shall clearly mark any proprietary information contained in its bid with the words “Proprietary Information.” Offeror shall **not** mark any Solicitation Form as proprietary. Pricing data shall **not** be considered proprietary. Marking all, or nearly all, of a bid as proprietary may result in rejection of the bid.

Offeror’s acknowledge that the City is required by law to make certain records available for public inspection. In the event that the City receives a request for disclosure of Proprietary Information by any person, court, agency or administrative body, or otherwise has a reasonable belief that it is obligated to disclose the Proprietary Information to any such person or authority, the City will provide Offeror with prompt written notice so that Offeror may seek a protective order or other appropriate remedy. The Offeror, by submission of materials marked Proprietary Information, acknowledges and agrees that the City will have no obligation to advocate for non-disclosure in any forum or any liability to the Offeror in the event that the City must legally disclose the Proprietary Information.

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3.0 SPECIAL TERMS AND CONDITIONS


- 3.1 TERM OF AGREEMENT** The initial term of the contract shall be two (2) years upon approval by the City Council.
- 3.2 PRICE** All prices quoted shall be firm and fixed for the specified contract period.
- 3.3 INCORPORATION BY REFERENCE** All responses shall incorporate by reference the Scope/Specifications, terms and conditions, general instructions and conditions and any attachments or exhibits. The Standard Terms and Conditions applicable to this solicitation are posted on the Internet. They are available for review and download at the City's Materials Management Internet home page, www.glendaleaz.com/purchasing. Offerors are advised to review all provisions of the General Instructions and Conditions for this solicitation.
- 3.4 INSURANCE** Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Contractor, his agents, representatives, employees or subcontractors.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

- 3.5.1 Commercial General Liability (CGL):** Insurance covering CGL on an "occurrence" basis, including products-completed operations, personal & advertising injury, with limits no less than **\$1,000,000** per occurrence, **\$2,000,000** aggregate. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- 3.5.2 Professional Liability (Errors and Omissions):** Insurance coverage shall apply to liability for a professional error, act or omission arising out of the scope of services as defined.
- | | |
|------------------|-------------|
| Per Claim | \$1,000,000 |
| Policy Aggregate | \$2,000,000 |
- 3.5.3 Automobile Liability:** Insurance covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
- 3.5.4 Workers' Compensation:** as required by the State of Arizona, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.

If the contractor maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the contractor.

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

Additional Insured Status The City, its officers, officials, employees, and volunteers are to be covered as additional insured's on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations.

Primary Coverage For any claims related to this contract, the Contractor's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

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

Waiver of Subrogation Contractor hereby grants to City a waiver of any right to subrogation which any insurer of said Contractor may acquire against the City by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

Acceptability of Insurers Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

Verification of Coverage Contractor shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received by the Contract Administrator and approved by the City before work commences. DO NOT SEND CERTIFICATES TO RISK MANAGEMENT. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

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

- 3.6 INDEMNIFICATION CLAUSE** To the extent allowed by law, Contractor shall defend, indemnify, and hold harmless the City of Glendale, and its departments, boards, commissions, officers, officials, agents, employees and volunteers (hereinafter referred to as "Indemnatee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or



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personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the City of Glendale, its officers, officials, agents, employees and volunteers for losses arising from the work performed by the Contractor for the City of Glendale.

- 3.7 CONFLICT OF INTEREST** Contractor shall disclose the following: 1) the name(s) and position(s) of each Contractor's employee or subcontractor that participated in the preparation of the submittal or who will be involved, directly or indirectly, with performing the contract, if awarded; 2) the name(s) of any City of Glendale employee who is a relative of persons identified pursuant to No. 1; 3) the name(s) and position(s) of Contractor's personnel that have a financial or proprietary interest in the contract; 4) the name(s) of any City of Glendale employee who is a relative of persons identified pursuant to No. 3.


Providing such disclosure will not necessarily disqualify a Contractor. Failure to disclose the requested information or any potential conflict of interest pursuant to A.R.S. § 38-501 et seq. may result in rejection of the proposal or bid or any contract being void or terminated.

For purposes of this provision, the following definitions apply:

"Employee" means all persons who are employed on a full-time, part-time or contract basis by the City of Glendale.

"Relative" means the spouse, child, child's child, parent, grandparent, brother or sister of the whole or half blood and their spouses and the parent, brother, sister or child of a spouse.

- 3.8 ESTIMATED QUANTITIES** The Quantities listed are the City's best estimate and do not obligate the City to order or accept more than City's actual requirements during the period of this agreement as determined by actual needs and availability of appropriated funds. It is expressly understood and agreed that the resulting contract is to supply the City with its complete actual requirements for the contract period, except that the estimated quantity shown for each proposal item shall not be exceeded by 100% without the express written approval of the Materials Manager. Any demand or order made by any employee or officer of the City, other than the Materials Manager, for quantities in

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the excess of the estimated quantities shall be void if the written approval of the Materials Manager was not received prior to the Contractor's performance.

- 3.9 COOPERATIVE USE OF CONTRACT** This agreement may be extended for use by other governmental agencies and political subdivisions of the State, including all members of SAVE (Strategic Alliance for Volume Expenditures). Any such usage by other entities must be in accord with the ordinances, charter, rules and regulations of the respective entity and the approval of the Contractor and City.

For a list of SAVE members, click on the following link:
<http://www.maricopa.gov/procurement/Pubdocuments/SAVE-members.pdf>

- 3.10 PUBLIC RECORD** Contractor acknowledges that the City is a public agency and must comply with all Public Records laws. All proposals submitted in response to the Solicitation shall become the property of the City and, subsequent to award recommendation, become a matter of public record available for review pursuant to Arizona Public Records Law.

If a Contractor believes that a specific section of its Proposal response is confidential, that should be withheld from the public record, Contractor shall isolate the pages and mark each page confidential in a specific and clearly labeled section of its Proposal response. The Contractor shall include a written statement as to the basis for considering the marked pages confidential including the specific harm or prejudice if disclosed. The City Materials Management Division will review the material and make a determination as to the confidentiality of any of the information and/or material contained within the Submittal. In the event of a public records request for documents Contractor deems confidential, the City will notify Contractor of the request and if Contractor claims such documents are confidential, it shall be the Contractor's sole responsibility, including sole cost, to take appropriate action, including legal action, to protect such documents. Price is not confidential and will not be withheld.

- 3.11 PERMITS AND LICENSES** The Contractor and Subcontractors shall be responsible for determining and securing, at his/her expense, any and all licenses and permits that are required by any statute, ordinance, rule or regulation of any regulatory body having jurisdiction in any manner connected with providing operations and maintenance of the facility. Such fees shall be included in and are part of the total proposal cost. During the term of the contract, the Contractor shall notify the City in writing, within two (2) working days, of any suspension, revocation or renewal.

- 3.12 CERTIFICATION** By signature on the Offer/Bid page, solicitation Amendment(s), or cover letter accompanying the submittal documents, Contractor certifies:

The submission of the offer did not involve collusion, and without any agreement, understanding or planned common course of action with, any other vendor of materials, supplies, equipment or services described in the invitation to bid, designed to limit independent bidding or competition or other anti-competitive practices. The Contractor shall not discriminate against any employee or applicant for employment in violation of



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Federal or State law. The Contractor has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, meal or service to a public servant in connection with the submitted offer. The Contractor hereby certifies that the individual signing the submittal is an authorized agent for the Contractor and has the authority to bind the Contractor to the Contract.


3.13 KEY PERSONNEL Contractor shall assign specific individuals to the key positions in support of the Contract. Once assigned to work under the Contract, key personnel shall not be removed or replaced without the prior written approval of the City. Upon the replacement of any key personnel, Contractor shall submit the name(s) and qualifications of any new key personnel to the City Contract Administrator or Designee. With the concurrence of the Contract Administrator or Designee, the City shall amend the Contract to reflect the name(s) of any replacement key personnel. Upon any unplanned departure of key personnel, Contractor shall immediately notify the Contract Administrator or Designee.

For this purpose, a primary and secondary emergency contact name and phone number are required from the Contractor. It is critical to the City that the contractor's emergency contact information remains current. The Materials Management staff member, identified on page 1, is to be contacted by E-mail with any change to a contact name or phone number.

All products or services provided to meet an emergency phone request are to be supplied as per the contract prices, terms and conditions. The Contractor may provide the fee (pricing) for an after-hours emergency opening of the business separate from the Price Sheet. In general, the order will be placed using a City Procurement Card. The billing is to include the emergency opening fee, if applicable.

3.14 ADDITIONS OF PRODUCTS OR SERVICES The City reserves the right to add additional products or services to this contract when deemed necessary by the City. If this occurs, the Contractor will be requested to submit a negotiable quotation for the additions. Upon approval and authorization by the Materials Manager such additions will be added to and become a part of the contract through properly executed forms.

3.15 NON-DISCRIMINATION By submitting this Offer, Contractor agrees not to discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, age, marital status, sexual orientation, gender identity or expression, genetic characteristics, familial status, U.S. military veteran status or any disability. Contractor will require any Sub-contractor to be bound to the same requirements as stated within this section. Contractor, and on behalf of any subcontractors, warrants compliance with this section.

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5.0 OFFER SHEET

5.1 OFFER Offeror certifies that they have read, understand, and will fully and faithfully comply with this solicitation, its attachments and any referenced documents. Offeror also certifies that the prices offered were independently developed without consultation with any of the other Offerors or potential Offerors.

<u>Richard D. Giardina</u>	<u>Raftelis Financial Consultants, Inc.</u>
Authorized Signature	Company's Legal Name
<u>Richard D. Giardina, CPA</u>	<u>5719 DTC Parkway, Suite 175</u>
Printed Name	Address
<u>Executive Vice President</u>	<u>Greenwood Village, CO 80111</u>
Title	City, State & Zip Code
<u>303.305.1136</u>	<u>720.475.1103</u>
Telephone Number	FAX Number
<u>rgiardina@raftelis.com</u>	<u>September 12, 2016</u>
Authorized Signature Email Address	Date

For questions regarding this offer: (If different from above)

<u>Same as above</u>		
Contact Name	Phone Number	Fax Number
<u></u>		
Email Address	<u></u>	

FEDERAL TAXPAYER ID NUMBER: 20-1054069

Arizona Sales Tax No. N/A Tax Rate N/A

Offeror certifies it is a: Proprietorship ☐ Partnership ☐ Corporation ☒

Minority or woman owned business: Yes ☐ No ☒

TASK 1 – CONDUCT PROJECT INITIATION

The project initiation task will begin the project so that it progresses in an efficient and deliberate manner. Task 1 will include the collection and review of all relevant data and documents, a project initiation workshop, and RFC's ongoing project management activities.

TASK 1.1 – DATA COLLECTION AND REVIEW

The purpose of this task is to gather and review relevant financial information, Excel-based models, budget documents, bond documents, capital improvements plans, rate ordinances, utility policy documents, customer demographic and usage data, and other analyses that will be required to conduct the project. As part of this task, a detailed data request list will be prepared and submitted to City staff so all appropriate data can be forwarded to RFC prior to the project initiation meeting.

TASK 1.2 – PROJECT INITIATION MEETING

While the City has indicated that this meeting may be done via conference call, with RFC's local presence and strong desire to effectively achieve/exceed the City's project objectives, we are planning for this meeting to be on-site at the City's offices. The project initiation meeting provides a solid foundation for the project and serves as a forum in which City staff can provide input on the work management plan, scheduling, and priorities. A successful project initiation meeting ensures that project participants are in agreement on study objectives, project roles, communication procedures, schedule, and key milestones. RFC has provided a preliminary project timeline at the end of this section that can be refined as needed during project initiation. RFC will develop an initiation meeting package that contains the meeting agenda, project timeline, and a broad list of questions related to the City's water and wastewater operations. RFC will prepare a technical memorandum to summarize the discussion and results of the project initiation meeting.

TASK 1.3 – PROJECT MANAGEMENT

Consistent and competent project management is required to ensure project success and adherence to timelines and budgets. This sub-task involves multiple interrelated work efforts that will require effective coordination between City staff, City's models, financial planning process, ordinances, policies, objectives, and debt obligations.

TASK 2.1 – REVIEW CUSTOMER GROWTH AND USAGE ASSUMPTIONS

As part of this analysis, RFC will examine historical utility billing records to determine customer demands for utility services. For water and irrigation water, RFC will examine water usage patterns as they relate to customer demands, population growth, and usage peaks during different periods of the year. Moreover, using a bill frequency analysis, we will study historical water consumption of the City's different customer classes in order to better understand the consumption patterns for each type of customer. This kind of analysis allows better decision making regarding consumption block cut offs when setting tiered rates and analyzing customer impacts under alternative rate schedules. This historical billing analysis will serve as the basis for evaluating the City's projections of water consumption, estimated wastewater flows, and water and wastewater revenue forecasts. RFC will recommend appropriate modifications based on our experience in developing customer growth and demand forecasts for other local clients while considering local development trends and economic factors.

TASK 2.2 – REVIEW REVENUE REQUIREMENTS AND FINANCIAL PLANS

City policy is to annually review the financial status of the water and sewer fund and rate structures to ensure that revenues are adequate to meet the debt service obligations. RFC will review the City-prepared 10-year forecast of revenue requirements which will include an evaluation of the direct and indirect operational costs, capital costs (including pay-as-you-go capital and debt service obligations), and user rates and other miscellaneous revenues. Projecting revenue requirements, allows a utility to calculate overall revenue adjustments or rate adjustments necessary to ensure revenue sufficiency over the planning period. RFC will evaluate the City's assumptions related to inflation, and historical expense trends within the 10-year planning period and provide reactions and potential

alternative factors based on our experience in developing these assumptions with other utilities in Arizona and across the country.

Major capital projects are typically financed with a combination of long-term debt and equity (or cash from reserves, also referred to as PAYGO funding). Two key aspects of the City's water and wastewater financial plan consist of the determination of the appropriate coverage ratio of debt-financed capital projects, and the required revenue adjustments to ensure financial sufficiency for the operational and capital needs of each utility. Outstanding senior and junior debt service or loan obligations and the City's capital improvement plan will be incorporated into our review, to ensure the City's financial forecast is sufficient in meeting Junior Lien Parity Debt Obligations. The revenue requirements will also consider the City's water and wastewater capital improvements plans and availability of development fee funds as an additional source of capital funding.

TASK 2.3 – CASH FLOW ANALYSIS

The review and evaluation of the financial plans will include a cash flow analysis to determine whether existing rates, fees, and charges are sufficient to fund the water and wastewater revenue requirements for each year of the planning period. The cash flow analysis incorporates revenues generated from different sources, expenses needed to maintain the utility funds, any transfers in and out of the operating fund, as well as the debt service coverage needed to meet current and proposed debt service requirements. The cash flow analysis will determine the ability of projected user rates to meet industry-accepted financial metrics and the City's financial guidelines under alternative funding options. This analysis will ultimately lead to identifying any modifications to the financial forecast and/or future rate adjustments.

The cash flow analysis will also evaluate the financial position of each enterprise by tracking the annual fund balances for water and wastewater and each of the utility development fee funds. Each fund will be evaluated separately to determine the anticipated inflow (revenues) and outflow of funds necessary to meet annual operating and capital project needs.

TASK 2.4 – BENCHMARK FINANCIAL POSITION WITH SIMILAR UTILITIES

RFC will also consider the City's Water Services operations, enterprise fund balances, and other financial performance measures and evaluate the utility's finances against other similar agencies and various industry benchmarks. The comparison will identify where the City is outside industry norms and provide recommendations for achieving efficiency and financial improvements. The benchmark comparison of the financial position will include Tucson, three other local metro area cities, and two similar national cities. The results of the financial plans review and benchmarking will be summarized in a technical memorandum. RFC personnel shape industry standards through active participation and leadership in industry associations. Our staff includes a member of the Management Division of AWWA, the current Chair and other members of AWWA's Rates and Charges Committee, the recent Chair of AWWA's Financial Accounting and Management Controls Committee, the former Chair of AWWA's Strategic Management Practices Committee, the Chair of the WEF Finance & Administration Subcommittee, and a member of the EPA Environmental Financial Advisory Board. RFC staff have written one of the leading books on water and wastewater financial issues, *Water and Wastewater Finance and Pricing: A Comprehensive Guide*, and co-authored other industry standard books, such as: *AWWA – Manual M1, Principles of Water Rates, Fees and Charges*; *Water Rates, Fees, and the Legal Environment, 2nd Edition*; *Water Treatment Plant Design*; *The Changing Water Utility*; and *The Evolving Water Utility*; and *WEF – MOP 27 - Financing and Charges for Wastewater Systems and MOP 11 - Operation of Municipal Wastewater Treatment Plants*. RFC also conducts and publishes the national Water and Wastewater Rate Survey in conjunction with AWWA. This survey is the most comprehensive collection of water and wastewater utility data available in the industry.

TASK 3 – WATER COST OF SERVICE ANALYSIS

This task will include our cost of service analysis that will be based on the AWWA-accepted base extra-capacity approach, which allocates functional costs to base and extra capacity costs categories to recognize the varying

demands and usage characteristics that different customer types put on the water system facilities. The water cost of service analysis will also evaluate the usage patterns of various customer categories to determine if the number of categories should be reduced or expanded. Units of service for each rate component will be determined and allocated proportionately to customer classes.

TASK 4 – WASTEWATER COST OF SERVICE ANALYSIS

The wastewater cost of service analysis will focus on WEF accepted approaches which allocate functional costs based on the volume of discharges and presence of pollutants discharged by various customer categories. The analysis will focus on allocating operating and capital costs associated with wastewater volumes, BOD/COD and TSS strength loadings, and customer related costs.

The cost of service analysis will also evaluate the various customer categories in terms on usage volumes and waste strength loading similarities or differences to determine if the number of categories should be reduced or expanded. Units of service for each rate component will be determined and allocated proportionately to customer classes.

TASK 5 – EVALUATE RATE STRUCTURE AND SCHEDULE

Task 4 will include an evaluation of the current rate structures and schedules and identify at least two alternative rate structures for the City to consider based on current cost of service and customer usage characteristics. The evaluation of rate structure alternatives will include a comparison matrix of customer impacts based on customer type and usage levels and will consider equity and defensibility according to Arizona regulations, City policy objectives, and industry standards. Typical residential and commercial bills for each rate structure alternative will be compared to similar bills for other Phoenix metro area communities.

TASK 5.1 – DESIGN ALTERNATIVE RATE STRUCTURES

Based on the cost of service analyses, RFC will design at least two alternative water and wastewater rate structures. This may include marginal cost pricing, adding and/or reducing rate tiers for different customer classes, adjusting the block rate differentials, modifying the usage block intervals for certain customers, modifying waste strength loading factors, adding or consolidating customer categories, and/or modifying the magnitude of the base charges to either increase or decrease the portion of customer bills that are recovered through variable consumption charges. This analysis will focus on whether the current rate tiers and fixed base charges are still appropriately aligned with the customer usage patterns of the various water customer classes and recommend adjustments and alternatives as necessary. Depending on the City's pricing objectives, volumetric rate tiers may be eliminated and/or adjusted to provide greater affordability to low water use customers while considering water conservation incentives to higher use customers. If appropriate, the rate tiers may be consolidated among customer classes if the costs to provide service and usage categories are similar among classes. The cost of service analysis will also evaluate the winter and summer seasonal commercial volume rates and the balance of revenues recovered through the fixed monthly base charge in relation to industry accepted financial metrics and the City's fiscal policies.

Consideration will be given to both promoting the efficient use of water resources and recovering the appropriate level of debt service and other fixed costs through base charges and ensure an appropriate level of non-variable revenues. The rate structures will be designed to be equitable and easy to administer and understand by the ratepayers. Our rate design recommendations will consider potential rate policy changes, industry practices, and compatibility with the City's existing billing software.

TASK 5.2 – COMPLETE CUSTOMER RATE IMPACT ANALYSIS

RFC will also evaluate the potential financial impact on customers that may result from the proposed rate structure and schedule alternatives. RFC will prepare a flexible matrix to calculate customer bills to determine the rate impacts on different types of customers at various levels of usage or demand for services. These types of matrix

schedules provide an invaluable tool for evaluating how the rate recommendations are impacting particular customer groups and/or levels of usage from different customer types.

TASK 5.3 – RATES AND FEES COMPARISON WITH OTHER SIMILAR UTILITIES

RFC will compare the City's current and recommended rates under each alternative rate structure with other comparable cities and utility agencies in the Phoenix metro area that summarize residential and commercial rate structures and typical utility bills. The survey will be incorporated in the study report and presentations to compare the rate structures and schedules of other communities to the existing and proposed rates.

TASK 6 – FINANCIAL PLAN AND RATE STUDY REVIEW REPORT

After the financial plans and proposed rates for each system have been reviewed, RFC will prepare a Water Services Financial Plan Review Report (Report) and participate in a meeting with City staff and City Council to present the financial plans and proposed rate adjustments.

TASK 6.1 – PRESENTATION OF PRELIMINARY RESULTS TO CITY STAFF

Following the review of the financial plans and proposed rates, RFC will present the preliminary results of the project to City staff as part of a rate workshop. This workshop will provide an opportunity for RFC to receive comments on the preliminary recommendations and to collaborate with City staff in determining the most effective approach to present the final findings and recommendations to City Council.

TASK 6.2 – PRELIMINARY DRAFT REPORT

RFC will prepare and submit an electronic version of a preliminary Report to City staff. RFC will participate in a conference call to discuss City staff's comments and reactions to the preliminary Rate Report. The preliminary Rate Report will summarize and document the analysis, findings and recommendations of the study. In particular, the Rate Report will:

- Describe and evaluate the current rate and fee structures
- Summarize annual water and wastewater revenue requirements identifying fixed, semi-fixed, and variable costs
- Evaluate alternative rate structures and schedules
- Assess the financial and customer impacts of rate and fee recommendations
- Present financial annual operating results and benchmarks associated with financial guidelines such as debt coverage, available debt capacity, and liquidity levels

TASK 6.3 – FINAL REPORT

After City staff have reviewed and commented on the preliminary Report, RFC will prepare a Final Report and deliver electronic versions in Word, Excel, and Adobe PDF format along with 10 original, printed, and bound copies to the City. The Final Report will reflect the comments and changes resulting from City staff's review.

TASK 7 – RECOMMENDATIONS CITY COUNCIL

City Council conducts a public hearing prior to the adoption of any water and wastewater rates. RFC will attend and support City staff at the meeting where the proposed rates are presented to the City Council for consideration of approval. RFC will prepare a PowerPoint presentation summarizing the process used to review the financial plans and the proposed rate adjustments for the 10-year forecast period. RFC understands the importance of gaining the City Council's approval of the rate recommendations. RFC will work closely with City staff to develop a package that demonstrates the importance of implementing a financial and rate plan that mitigates customer impacts while maintaining industry accepted financial metrics and financial guidelines.

Our pricing for the study is based on three trips to Glendale by RFC to conduct the initiation meeting, present our preliminary results to City staff, and present our final recommendations to City Council.

EXHIBIT B
FINANCIAL PLAN AND RATE STUDY FOR WATER SERVICES
RFP 17-07
COMPENSATION

METHOD AND AMOUNT OF COMPENSATION

The method of payment is provided in Section 5 Billings and payment of this Agreement. The amount of compensation for financial plan and rate study for water services rendered, is provided in the Price Sheet for RFP 17-07, which is attached to Exhibit B.


NOT-TO-EXCEED AMOUNT

The total amount of compensation paid to Consultant for full completion of all work required by the Project during the entire term of the Project must not exceed \$88,860.00.

DETAILED PROJECT COMPENSATION

The Consultant shall submit invoices monthly detailing Services performed in accordance of the Scope of Work with itemized fees for services including, but not limited to:

- Project Initiation Workshop	\$13,570
- Financial Plans	\$ 9,020
- Cost of Service - Water System	\$ 9,020
- Cost of Service - Wastewater System	\$ 8,000
- Rate Structure and Schedule	\$14,470
- Financial Plan & Rate Study Review Report	\$17,410
- Recommendations to City Council	\$17,370

	<p align="center">Solicitation Number: RFP 17-07</p> <p align="center">FINANCIAL PLAN & RATE STUDY FOR WATER SERVICES</p>	<p align="center">CITY OF GLENDALE Materials Management 5850 West Glendale Avenue, Suite 317 Glendale, Arizona 85301</p>
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4.0 PRICE SHEET

4.1 PROPOSAL FEE

Submit a fee amount not to exceed for each task group listed in Section 1.3. All fees are inclusive of personnel, benefits, technology, travel, housing and support expenses.

4.2 Provide a schedule of hourly billing rates for each staff position.

Task	Scope of Work	Fee Amount not to exceed
1.3.1	Project Initiation Workshop	\$13,570
1.3.2	Financial Plans	\$9,020
1.3.3	Cost of Service – Water System	\$9,020
1.3.4	Cost of Service – Wastewater System	\$8,000
1.3.5	Rate Structure and Schedule	\$14,470
1.3.6	Financial Plan & Rate Study Review Report	\$17,410
1.3.7	Recommendations to City Council	\$17,370

4.3 PAYMENT The Contractor shall provide monthly statements of itemized services. Payment will be reviewed and approved by the Contract Administrator or designee. The itemized statement shall not exceed the proposal fee in Section 5.1.

4.4 TAX AMOUNT Do not include any use tax or federal tax in your proposal. The City is exempt from the payment of federal excise tax and will add use tax as applicable.

OFFEROR NAME: Raftelis Financial Consultants, Inc.

PRICE TABLE

In addition to the Price Sheet, the following table provides a breakdown of the estimated level of effort required for completing each task described and the hourly billing rates for the personnel scheduled to complete the project. Expenses include costs associated with travel, and a \$10 per hour technology charge covering computers, networks, telephones, postage, etc. RFC proposes to complete the scope of work outlined in our proposal on a not-to-exceed cost of \$88,860 including related expenses.

Task	Task Descriptions	No. of Trips	Hours Requirements							Professional Fees
			RG	FD	RW	JG	HS	Admin	Total	
1	Conduct Project Initiation	1	8	24	12	2		1	47	\$13,570
2	Review Financial Plans	0	2	12	24	2		1	41	\$9,020
3	Water Cost of Service Analysis	0	2	12	24		2	1	41	\$9,020
4	Wastewater Cost of Service Analysis	0	2	8	24	2			36	\$8,000
5	Evaluate Rate Structure and Schedule	0	8	16	34	2	2	1	63	\$14,470
6	Financial Plan and Rate Study Review Report	1	2	24	34	2	4	2	68	\$17,410
7	Recommendations to City Council	1	12	24	24	2		2	64	\$17,370
TOTAL ESTIMATED MEETINGS / HOURS		3	36	120	176	12	8	8	360	
HOURLY RATES			\$305	\$225	\$195	\$275	\$275	\$70		
PROFESSIONAL FEES			\$10,980	\$27,000	\$34,320	\$3,300	\$2,200	\$560	\$78,360	
RG - Rick Giardina FD - Frank Davis					Total Fees					\$78,360
					Total Expenses					\$10,500
					TOTAL FEES & EXPENSES ESTIMATED					\$88,860

RG - Rick Giardina

FD - Frank Davis

RW - Rob Wadsworth

JG - John Gallagher

HS - Harold Smith

Admin - Administrative Support

HOURLY BILLING RATES

FIRM-WIDE

Position	Hourly Billing Rate**
Chair	\$400
Chief Executive Officer/President	\$375
Chief Operating Officer	\$325
Executive Vice President	\$305
Vice President/Principal Consultant	\$275
Director of Storm Water Management	\$275
Director of Governmental Services	\$275
Senior Manager	\$250
Director of Management Consulting	\$275
Director of Florida Operations	\$205
Manager	\$225
Director of Data Services	\$225
Senior Consultant	\$195
Consultant	\$170
Associate	\$140
Analyst	\$105
Administration	\$75
Technology/Communications Charge*	\$10

PROJECT TEAM

Position	Hourly Billing Rate**
Executive Vice President (Richard Giardina, CPA)	\$305
Vice President/Principal Consultant (Harold Smith & John Gallagher, PE)	\$275
Manager (Frank Davis)	\$225
Senior Consultant (Rob Wadsworth, CPA)	\$195
Administration	\$75
Technology/Communications Charge*	\$10

**Technology/Communications Charge – this is an hourly fee charged monthly for each hour worked on the project to recover telephone, facsimile, computer, postage/overnight delivery, conference calls, electronic/computer webinars, photocopies, etc.*

***For services related to the preparation for and participation in deposition and trial/hearing, the standard billing rates listed above will be increased by an amount up to 50%.*

AFTER-HOURS EMERGENCY PRICING

We do not charge any additional fee for after-hours services.

TIME SCHEDULE

RFC has a strong track record of meeting client schedules and is confident that our experience and ample resources will enable us to meet the City’s project timeline. The exhibit below presents our proposed schedule and key project milestones for providing the financial advisory services. Assuming notification to proceed and project initiation in mid-October, we anticipate delivering the preliminary version of the draft reports by late December 2016 and the Final Report and final recommendations by the middle of January 2017. This project timeline is preliminary, as we anticipate the project schedule will be refined as needed along with the scope of work and project objectives during project initiation. This timeline can be either accelerated or deferred to meet the City’s implementation schedule.

