



Finance Committee

Tuesday, September 14, 2021

8:30 a.m.

Executive Conference Room and Via Zoom
Brea Civic & Cultural Center
1 Civic Center Circle, Brea, California

MEMBERS: Council Member Christine Marick and Council Member Marty Simonoff
ALTERNATE: Mayor Pro Tem Cecilia Hupp

This meeting is being conducted consistent with Governor Newsom's Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic. The Finance Committee meeting will be held on September 14, 2021 at 8:30 a.m. and the public is welcome to participate. To provide comments in person, the Executive Conference Room will be open to a limited number of members from the public in observance of social distancing guidelines. To provide comments by teleconference (Zoom), members of the public must contact City Staff at (714) 990-7676 or arlenem@cityofbrea.net no later than 12:00 p.m. on Monday, September 13, 2021 to obtain the Zoom meeting ID number and password. Participants will be muted until recognized at the appropriate time by the Committee. Written comments may be sent to the Administrative Services Department at arlenem@cityofbrea.net no later than 12:00 p.m. on Monday, September 13, 2021. Any comments received via email will be summarized aloud into record at the meeting.

The Finance Committee agenda packet can be viewed on the City of Brea website at: <https://www.ci.brea.ca.us/509/Meeting-Agendas-Minutes>. Hard copies of the agenda packet are available via USPS with proper notice by calling (714) 990-7676. Materials related to an item on the agenda submitted to the Finance Committee after distribution of the agenda packet are available for public inspection during normal business hours in the Finance Division located on the third floor lobby of the Civic & Cultural Center at 1 Civic Center Circle, Brea, CA 92821. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

CALL TO ORDER / ROLL CALL

1. **Matters from the Audience**

CONSENT

2. **August 10, 2021 Finance Committee Regular Meeting Minutes - Approve.**

DISCUSSION

3. **Acceptance of the Napoli Tract Water Improvements, CIP Project No. 7458 - Accept project as complete and authorize City Clerk to record Notice of Completion(s); and Authorize City Clerk to release the Payment and Performance Bond(s).**

4. **Professional Services Agreement with Fuscoe Engineering for Evaluation of Water Harvest and Reuse Opportunities** - Approve Professional Services Agreement with Fuscoe Engineering for Evaluation of Water Harvest and Reuse Opportunities in the not-to-exceed amount of \$49,500.
5. **Resolution Designating a Banking Administrator; Authorizing Bank Signers on Behalf of the City of Brea; and Solidifying Certain Payment Processes** - Approve the Resolution designating a Banking Administrator for the City Operating and Successor Agency bank accounts; authorizing bank signers on behalf of the City of Brea; and solidifying certain payment processes.
6. **Award of Professional Services Agreement to NewGen Strategies & Solutions, LLC for Water and Wastewater User Rate and Impact Fee Studies** - Approve an agreement with NewGen Strategies & Solutions, LLC for Water and Wastewater User Rate and Impact Fee Studies; and Authorize the City Manager to execute and administer said agreement.
7. **Schedule Next Meeting: Tuesday, September 28, 2021**

cc: Mayor Steven Vargas and Council Member Glenn Parker

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members
FROM: Bill Gallardo
DATE: 09/14/2021
SUBJECT: August 10, 2021 Finance Committee Regular Meeting Minutes

RECOMMENDATION

Approve.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager
Prepared by: Alicia Brenner, Senior Fiscal Analyst
Concurrence: Cindy Russell, Administrative Services Director

Attachments

08-10-2021 Draft Minutes



DRAFT FINANCE COMMITTEE MINUTES

Tuesday, August 10, 2021

8:30 AM

Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CALL TO ORDER / ROLL CALL

ATTENDEES: Council Member Christine Marick, Council Member Marty Simonoff, Chris Emeterio, Adam Hawley, Tony Olmos, Cindy Russell, Bill Bowlus, Rudy Correa, Dave Dickinson, Neil Groom, Chris Harvey, Randy Hornsby, Faith Madrazo, Chris Nigg and Alicia Brenner

1. **Matters from the Audience – None.**

CONSENT

2. **July 13, 2021 Finance Committee Regular Meeting Minutes – Approved.**

DISCUSSION

3. **Purchase of New Taser 7 CEW Devices for Police Department – Recommended for City Council approval.**
4. **Budget Adjustment to Remodel Areas of Police Administration– Recommended for City Council approval.**
5. **Purchase of Ticket Writers for Police Department – Recommended for City Council approval.**
6. **Fire Investigation Services Agreement with City of Anaheim – Recommended for City Council approval.**
7. **Purchase of Two (2) Generac Industrial Diesel Generators – Recommended for City Council approval.**
8. **Ratify Termination and Award Multiple Contracts for Landscape Maintenance Services at Various Locations in the City of Brea – Recommended for City Council approval.**
9. **Acceptance of the Imperial Highway/Berry Street Intersection Improvements, CIP Project No. 7278 – Recommended for City Council approval.**

10. **Award the County Hills Pavement & Water Improvements, CIP Project No. 7322 –**
Recommended for City Council approval.
11. **Acceptance of the Country Lane Street Rehabilitation, CIP Project No. 7323 –**
Recommended for City Council approval.
12. **Purchasing Activity Under Special City Council Authorization for Period Ended June 20, 2021 –** *Recommended for City Council to receive and file.*
13. **Software/Hardware Maintenance Support and online Subscription Service Agreements –**
Recommended for City Council approval.
14. **Schedule Next Meeting:** Tuesday, August 31, 2021

Meeting adjourned: 8:33 AM

City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members

FROM: Bill Gallardo

DATE: 09/14/2021

SUBJECT: Acceptance of the Napoli Tract Water Improvements, CIP Project No. 7458

RECOMMENDATION

1. Accept project as complete and authorize City Clerk to record Notice of Completion(s); and
2. Authorize City Clerk to release the Payment and Performance Bond(s).

BACKGROUND/DISCUSSION

On December 15, 2020, the City Council awarded a Contract to Sully-Miller Contracting Company ("Sully Miller") in the amount of \$1,323,100 for the Napoli Tract Water Improvements, CIP Project No. 7458 ("Project") and approved a \$132,300 construction contingency for a total approved construction budget of \$1,455,410. The Project replaced and upgraded the existing water mains and appurtenances, as well as completed street resurfacing throughout the Tract. In addition, the project also included reconstructing the ADA ramps to the latest standards and the reconstruction of sidewalks, curbs, gutters and spandrels.

The Notice-to-Proceed with construction was issued on March 1, 2021 with a completion date of July 7, 2021 per the allotted number of working days in the contract. However, due to unforeseen conditions related to the inability to acquire the necessary appurtenances as a result of COVID-19, the project was substantially completed on July 27, 2021. The dollar amount of the change orders approved for the project is approximately \$66,941, which equates to approximately 5% of the original contract amount. The change orders were primarily the result of the following changes:

- Additional 9" deep AC dig outs
- Additional PCC spandrel removal and replacements
- Waterline trench compaction dispute

The final total Contract cost is \$1,390,041.47. The improvements have been completed and staff is recommending the City Council approve the acceptance of work performed by Sully Miller.

The following is a summary of contract costs:

Napoli Tract Waterline Improvements Construction Budget Summary

Original Construction Contract Amount	\$1,323,100
Approved Change Orders	\$66,941.47

Sully Miller Final Construction Contract Budget	\$1,390,041.47
Approved Construction Contract Budget	\$1,455,410.00
Remaining Construction Contract Balance	\$65.368.53

SUMMARY/FISCAL IMPACT

The final Contract amount is \$1,390,041.47, which is under the approved construction budget. The source of funds is from the Water Fund (Fund 420) and Measure M (Fund 260). There is no General Fund (Fund 110) impact.

This Project installed new water mains with water appurtenances and completed street pavement rehabilitation within the Napoli Tract Subdivision. Sully Miller has completed the Project and fulfilled its obligations to the City per the subject Contract. Therefore, staff is recommending the City Council accept the Project as complete and authorize the City Clerk to record a Notice of Completion. Additionally, staff is recommending authorizing the City Clerk to release the Payment and Performance Bonds.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Raymond Contreras, Associate Engineer

Concurrence: Michael Ho, P. E., Deputy Director of Public Works / City Engineer

Tony Olmos, P. E., Public Works Director

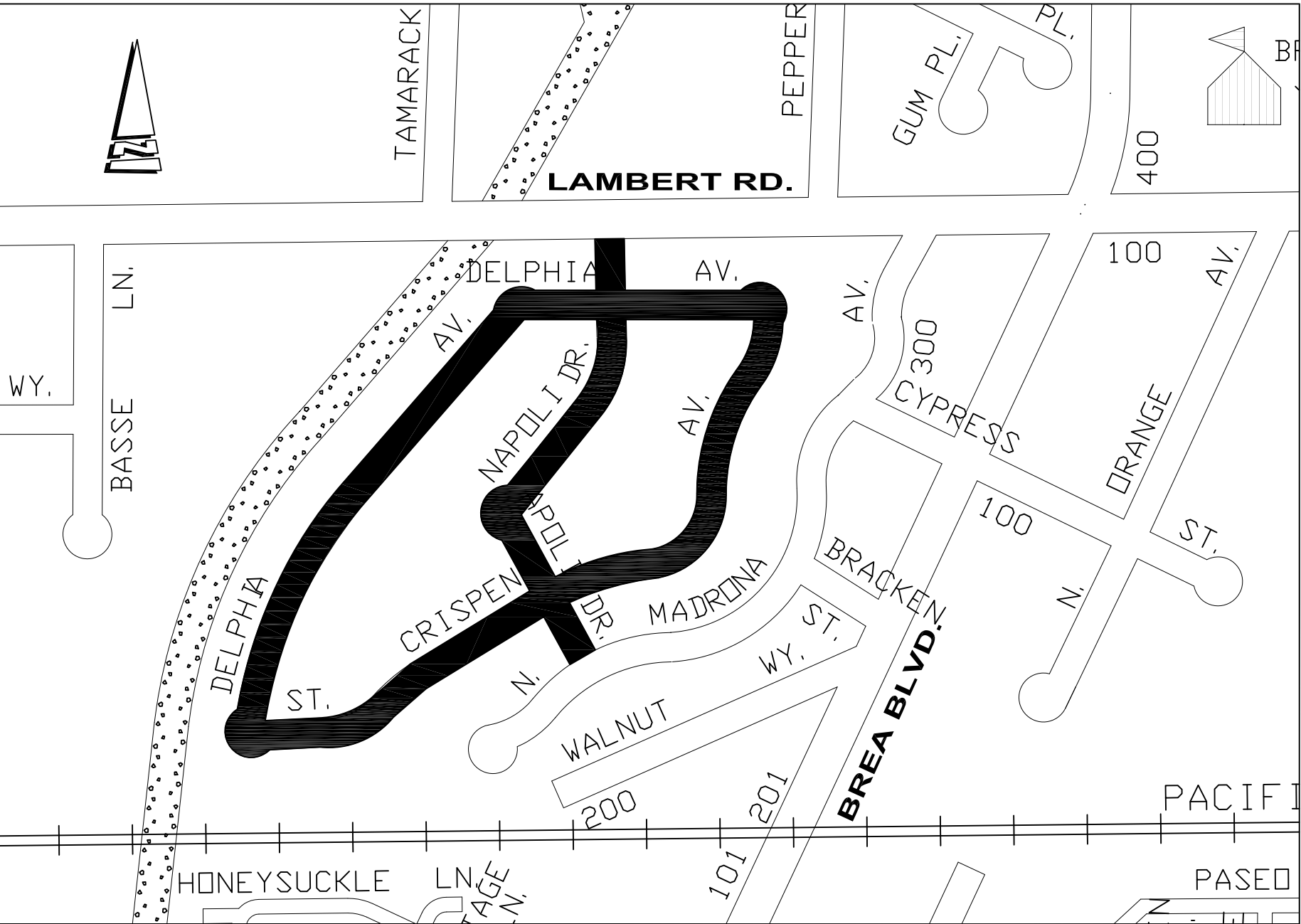
Attachments

Location Map

NOC

PROJECT 7458

NAPOLI TRACT WATER IMPROVEMENTS



VICINITY MAP

NOT TO SCALE

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

Name **City of Brea**

Street

Address **1 Civic Center Circle**

City &

State **Brea, CA 92821**

Zip

Free recording requested per Government Code Section 27383.

SPACE ABOVE THIS LINE FOR RECORDER'S USE**Lillian Harris-Neal, City Clerk, City of Brea****Notice of Completion****NOTICE IS HEREBY GIVEN THAT:**

1. The undersigned is the owner of the interest or estate stated below in the property hereinafter described.
2. The full name of the undersigned is **City of Brea** (NAME)
3. The full address of the undersigned is **1 Civic Center Circle**
Brea, CA 92821

(NUMBER AND STREET, CITY, STATE, ZIP)

4. The nature of the title or the undersigned is **Owner-In-Fee**
5. The full names and full addresses of all persons, if any, who hold title with the undersigned as joint tenants or as tenants in common are:

Names

Addresses

6. The names of the predecessors in interest of the undersigned, if the property was transferred subsequent to the commence of the work of improvement herein referred to are (OR IF NO TRANSFER WAS MADE, INSERT THE WORD "none"):

Names

Addresses

7. A work of improvement on the property hereinafter described was completed on **07/27/2021**.
8. The name of the original contractor, if any, for the work of improvement was **Sully-Miller Contracting Company** (NAME OF CONTRACTOR, OR IF NO CONTRACTOR FOR THE WORK OF IMPROVEMENT AS A WHOLE, INSERT THE WORD "none"). [IF NOTICE COVERS COMPLETION OF CONTRACT FOR ONLY PART OF THE WORK OF IMPROVEMENT, ADD: The kind of work done or material furnished was _____]
9. The property on which the work of improvement was completed is in the City of **Brea**, County of **Orange**, State of California, and is described as follows: **Napoli Tract Water Improvements, CIP Project No. 7458**
10. The street address of the said property is **none**

Dated: **SEPTEMBER 1**, 2021.


(SIGNATURE)
Michael S. Ho P.E., Deputy Director/City Engineer (TYPED NAME)

VERIFICATION

I, the undersigned, say:

I am the person who signed the foregoing notice. I have read the above notice and know its contents, and the facts stated therein are true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at **Brea**, California, this **1st** day of **SEPTEMBER**, 2021.


(SIGNATURE)
Michael S. Ho P.E., Deputy Director/City Engineer

City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members

FROM: Bill Gallardo

DATE: 09/14/2021

SUBJECT: Professional Services Agreement with Fuscoe Engineering for Evaluation of Water Harvest and Reuse Opportunities

RECOMMENDATION

Approve Professional Services Agreement with Fuscoe Engineering for Evaluation of Water Harvest and Reuse Opportunities in the not-to-exceed amount of \$49,500.

BACKGROUND/DISCUSSION

The goal to explore and consider reclaimed water has been one of City Council's priorities for several years. Since early 2018, City staff has explored treating/cleaning the groundwater extracted by oil operations near the Brea Sports Park and groundwater extracted by Chevron treatment wells near the Birch Hills Golf Course to irrigate the Sports Park and Birch Hills Golf Course, respectively. Results of this analysis were presented to City Council in December 2018 and March 2020. In short, staff concluded that treatment of this water source to irrigation standards was possible, but pilot testing would be needed before moving forward with seeking agreements with Thompson Oil and Chevron to utilize their groundwater. In furtherance of this goal, City Council then requested that staff also explore stormwater reuse opportunities and drilling a new well to extract the groundwater without having to rely on a third party to supply.

As a status update, Thompson Energy has gone through some changes since the recent passing of its owner, Rob Thompson. Thompson Energy has a new on-site operator working to resume oil production. Once the operation is up and running, staff will resume discussions regarding acquisition of their groundwater. Meanwhile, Chevron is working with the Regional Water Quality Control Board to get permission to permanently shut down the treatment wells since they feel the targeted reduction in nitrate contamination has been achieved. Staff is trying to get a final position from Chevron on the possible use of this water in the future, if closure is obtained from the Regional Water Board. Regarding a new well, staff consulted with an expert and found that aside from a stringent regulatory permit process, the cost of a new well is approximately \$2M - \$3M. With the combined cost of a new well, along with the cost of a required treatment plant of approximately \$3M, it was determined that construction of a new well would not be feasible.

In terms of capture and reuse, staff obtained a proposal from Fuscoe Engineering to conduct an analysis outlining opportunities to implement a stormwater harvest and reuse system to offset potable water demands. Since the City does not currently have access to local or regional recycled water, the capture and reuse of stormwater resources would provide an

important additional source of water supply and enhance stormwater quality runoff throughout the City. Per the attached proposal, the scope-of-work includes the following main items:

- Analyze up to 5 (five) sites within the City for the feasibility assessment of the harvest and reuse best management practice (BMP) opportunities. This effort will include assessing the feasibility of constructing harvest and reuse BMPs within these sites, as well as diverting upstream stormwater flows to the sites for optimal reuse. Potential harvest and reuse site locations already discussed with the City staff include Country Hills Park, Birch Hills Golf Course, and Olinda Ranch Neighborhood Park, for example.
- Create private development of on-site harvest and reuse incentives. This may include identifying candidate projects where harvest and reuse BMPs are most feasible and practical such as reuse of grey water or stormwater to irrigate the development's landscaping.

The cost to complete these tasks is a not-to-exceed amount of \$49,500.

With longer drought periods and heavier rainfall events becoming more common, urban stormwater capture represents a significant opportunity to enhance community resiliency to climate change. Effective urban stormwater capture provides an opportunity for addressing stormwater quality impairments while also improving water supply reliability. Not only would the capture and reuse projects show the community that Brea explores sustainability initiatives, it would encourage the private sector to adopt sustainability initiatives as well.

To encourage stormwater capture and reuse projects, the State of California has created several funding opportunities to incentivize these types of projects. In addition to the state, there are a variety of local and Federal grant opportunities to offset costs of the projects.

SUMMARY/FISCAL IMPACT

Sufficient funds for the harvest and reuse opportunities proposal are available in the Urban Runoff Fund 410 account. Appropriations for this contract will be included in the next round of quarterly budget adjustments. There is no impact to the General Fund.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Brian M. Ingallinera, Environmental Services Coordinator

Concurrence: Rudy Correa, Water Distribution Superintendent

Tony Olmos, P.E., Public Works Director

Attachments

Professional Services Agreement

Agreement No. 2021.08.24.016
Professional Services Agreement

This **Professional Services** Agreement ("Agreement") is dated **Tuesday, September 21, 2021** for reference purposes and is executed by the City of Brea, a California municipal corporation ("City"), and **Fusco Engineering, Inc** a **C Corporation** ("Consultant").

RECITALS

A. City desires to retain Consultant as an independent contractor to provide the following **Professional Services: Evaluation of Water Harvest and Reuse Opportunities for Public Works**.

B. Consultant represents that it is duly licensed, fully authorized by law, and has the necessary experience and qualifications, to provide such services.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1. Scope of Services.

Consultant shall perform the services referenced in the Recitals and more specifically described in the Scope of Services set forth in the attached Exhibit A, and as otherwise required by this Agreement, all to City's satisfaction (collectively, "Services").

2. Compensation

A. City shall pay for the Services satisfactorily performed, in accordance with the Fee Schedule set forth in the attached **Exhibit A**.

B. In no event shall the total amount paid for the Services exceed the all-inclusive **Not-To-Exceed** of **\$ 49,500.00** ("Contract Amount"). This amount covers and is inclusive of all labor, materials, and any and all other costs incurred by Consultant in performing the Services. Consultant shall be deemed to have made all inquiries and site inspections deemed necessary by Consultant prior to execution of this Agreement.

C. Unless the Fee Schedule calls for payment of a one-time flat fee, periodic payments for undisputed work shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Consultant's invoices shall indicate the amount of time spent on each task and the applicable rate.

D. Unless the Fee Schedule calls for payment on a different schedule, Consultant shall invoice City on a monthly basis.

3. Contingency Work.

This Agreement does not include any contingency or additional work. Any additional work performed by Contractor without a written amendment or approval of the City shall be deemed to be work included within the Services.0.00%

4. Term.

The term of this Agreement shall commence **Tuesday, September 21, 2021** ("Effective Date"). Unless extended or earlier terminated as provided herein, **this Agreement shall expire upon satisfactory completion of the Services.**

5. Time of Performance.

A. Consultant shall **commence the Services on the date shown in the City-provided notice to proceed** and shall **complete the Services within the term of this agreement**, and shall meet any other established and agreed upon schedules and deadlines agreed upon in writing.

B. Force Majeure. Neither party shall be considered in default of this Agreement for delays in performance caused by a force majeure event. As used in this Agreement, the term "force majeure event" means circumstances beyond the reasonable control of the non-performing party and includes the following: abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage; or judicial restraint. Consultant's lack of financial capability, shall not constitute a force majeure event unless directly attributable to any of the foregoing events.

C. Should a force majeure event occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

6. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to the Services, including costs incurred, shall be maintained by Consultant and made available for review by City at all reasonable times during the term of this Agreement and for four (4) years from the date of final payment by City.

7. Standard of Care.

Contractor's Services shall be performed in accordance with the generally accepted professional standards of practice and principles and in a manner consistent with the level of

care and skill ordinarily exercised by members of the profession currently performing similar services under similar conditions. Contractor shall maintain all professional licenses and certifications required to lawfully perform the Services.

8. Compliance with Law.

A. Consultant shall comply with all applicable laws including Cal/OSHA requirements.

B. Consultant shall obtain a City of Brea business license.

C. Consultant shall comply with all applicable provisions included in the attached Special Provisions Section.

9. Assignment and Subcontracting.

A. Consultant shall not assign or transfer this Agreement or any rights or obligations under, or any interest in this Agreement, or subcontract any required performance hereunder, without the prior written consent of City, which may be withheld for any reason. City shall be deemed to have approved Consultant's utilization of subcontractors identified in Consultant's proposal for the Services.

B. Any attempt to so assign, transfer, or subcontract without City's prior written consent shall be void and shall constitute grounds for City's termination of this Agreement. Authorized subcontracts shall contain a provision making the subcontractor subject to all requirements of this Agreement.

C. If use of a subcontractor is approved, then City may withhold 5% of each monthly payment to Consultant. Such retention shall be released upon City's receipt of an unconditional release of all claims signed by any such subcontractor, as to work performed to date.

10. Independent Contractor.

A. Consultant is retained as an independent contractor and is not an employee of City. No employee or agent of Consultant is or shall become an employee of City.

B. Consultant will determine the means, methods, and details by which Consultant's personnel will perform the Services. Consultant shall be solely responsible for the satisfactory work performance of all personnel engaged in performing the Services and compliance with the customary professional standards.

C. Consultant's personnel shall not wear or display any City uniform, badge, identification number, or other information identifying such individual as an employee of City. Consultant's personnel shall not use any City e-mail address or City telephone number in the performance of the Services. Consultant shall acquire and maintain at its sole cost and expense such vehicles, equipment and supplies as Consultant's personnel require to perform the Services.

Consultant shall perform the Services off of City premises at locations of Consultant's choice, except as otherwise may from time to time be necessary in order for Consultant's personnel to receive projects from City, review plans on file at City, pick up or deliver any work product, or as may be necessary to inspect or visit City locations. City may make a computer available to Consultant from time to time for Consultant's personnel to obtain information about or to check on the status of projects pertaining to the Services.

D. Consultant shall be responsible for and pay all wages, salaries, benefits and other amounts due to Consultant's personnel in connection with the Services. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including Social Security taxes, other retirement or pension benefits, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Consultant and its officers, employees, agents, and subcontractors shall not become entitled to, and hereby waive any claims to, any wages, salaries, compensation, benefit or any incident of employment by City, including eligibility to enroll in, or reinstate to membership in, the California Public Employees Retirement System ("PERS") or any other retirement program, as an employee of City, and entitlement to any contribution to be paid by City for employer contributions or employee contributions for PERS benefits or any other retirement benefits.

11. PERS Compliance.

The parties acknowledge that City is a local agency member of PERS, and as such has certain pension reporting and contribution obligations to PERS on behalf of qualifying employees. Consultant agrees that, in providing its employees and any other personnel to City to perform the Services, Consultant shall assure compliance with the Public Employees' Retirement Law (Government Code Section 20000 et seq.), the regulations of PERS, and the Public Employees' Pension Reform Act of 2013 (Government Code Section 7522 et seq.). Without limitation to the foregoing, Consultant shall assure compliance with regard to personnel who have active or inactive membership in PERS and to those who are retired annuitants and in performing this Agreement shall not assign or utilize any of its personnel in a manner that will cause City to be in violation of the applicable retirement laws and regulations.

12. Insurance.

Unless otherwise permitted or waived in writing by City's Risk Manager, Consultant shall not commence work until it has secured all insurance required under this section and provided evidence thereof that is acceptable to City. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

A. Commercial General Liability

i. Consultant shall take out and maintain, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to City.

ii. Coverage for Commercial General Liability insurance shall be at least as broad as the following:

a. Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

iii. Commercial General Liability Insurance must include coverage for the following:

- a. Bodily Injury and Property Damage
- b. Personal Injury/Advertising Injury
- c. Premises/Operations Liability
- d. Products/Completed Operations Liability
- e. Aggregate Limits that Apply per Project
- f. Contractual Liability with respect to this Agreement
- g. Broad Form Property Damage
- h. Independent Consultants Coverage

iv. The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to this Agreement.

v. The policy shall be endorsed to name City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials, as additional insureds using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

vi. The general liability coverage may utilize deductibles or provide coverage excess of a self-insured retention, only if approved by City's Risk Manager in writing, and further provided that such deductibles shall not apply to coverage of the additional insureds.

B. Automobile Liability

Automobile Liability Insurance is required for this Agreement as follows:

i. Contractor shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to City. ii. Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

iii. The policy shall be endorsed to name City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials, as additional insureds. iv. Subject to City's written approval, the automobile liability coverage may utilize deductibles or provide coverage excess of a self-insured retention, provided that such deductibles shall not apply to coverage of the additional insureds.

C. Workers' Compensation/Employer's Liability

Workers' Compensation and Employer's Liability Insurance is required for this Agreement as follows: i. Contractor certifies that Contractor is aware of the provisions of Labor Code Section 3700 which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she/it will comply with such provisions before commencing work under this Agreement. ii. Contractor shall maintain full compensation insurance for its employees in accordance with the Workers' Compensation and Insurance Act (Labor Code Section 3200 et seq.) and Employer's Liability Coverage in amounts indicated herein. Contractor shall require all subcontractors to obtain and maintain workers' compensation coverage of the same type and limits as specified in this section.

D. Professional Liability (Errors and Omissions)

Contractor shall maintain professional liability or errors and omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to City and with the limits required herein. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy coverage form specifically designed to protect against acts, errors or omissions of Contractor in the performance of professional services. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

E. Cyber Liability

Cyber Liability Insurance is not required for this Agreement.

F. Minimum Policy Limits Required

i. A.M. Best's Rating

Each policy of insurance required herein shall be from a company or companies having a current A.M. Best's rating of no less than A:VII and admitted and authorized to transact the business of insurance in the State of California.

ii. The following insurance limits are required for this Agreement:

a. Commercial General Liability

\$1,000,000 per occurrence/ \$2,000,000 aggregate for bodily injury, personal injury, and property damage

b. Automobile Liability

\$2,000,000 per occurrence (any auto) for bodily injury and property damage

c. Workers' Compensation and Employer's Liability
**In the amount required by California law for Workers' Compensation Limit.
\$1,000,000 per occurrence for Employer's Liability**

d. Professional Liability
\$2,000,000 per claim and aggregate (errors and omissions)

e. Cyber Liability
Cyber Liability Insurance is not required for this Agreement.

ii. Defense costs shall be payable in addition to the limits.

iii. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as additional insured pursuant to this Agreement.

G. Proof of Insurance

Within five days of execution of this Agreement, but prior to commencement of the Services, Consultant shall file with City evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

H. Policy Provisions Required

i. Consultant shall provide City at least 30 days prior written notice of cancellation of any policy required by this Agreement, except that Consultant shall provide at least 10 days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, Consultant shall deliver renewal certificate(s) including the required additional insured endorsement to City at least 10 days prior to the effective date of cancellation or expiration.

ii. The Commercial General Liability Policy and Automobile Liability Policy shall each contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by City or any additional insureds shall not be called upon to contribute to any loss.

iii. The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. If a "claims-made" professional liability policy is provided, it shall include an extended reporting period of not less than three years.

iv. All required insurance coverages, except for the professional and cyber liability coverage, shall contain or be endorsed to provide a waiver of subrogation in favor of City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials, or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subcontractors.

v. The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve Consultant from liability in excess of such coverage, nor shall it limit Consultant's indemnification obligations to City or preclude City from taking such other actions available to City under other provisions of this Agreement or law.

I. Additional Insurance Provisions

i. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of such insurance by City, are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Consultant pursuant to this Agreement, including the provisions concerning indemnification.

ii. If at any time during the term of this Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may terminate this Agreement for cause.

iii. City may require Consultant to provide for inspection by City, complete copies of all insurance policies in effect for the duration of the Agreement.

iv. No City official, officer, employee, agent or volunteer shall be personally responsible for any liability arising under or by virtue of this Agreement.

v. The insurance obligations under this Agreement shall be: (1) all the insurance coverage and/or limits carried by or available to Consultant; or (2) the minimum insurance coverage requirements and/or limits shown in this Agreement; whichever is greater. Any

insurance proceeds in excess of or broader than the minimum required coverage and/or minimum required limits, which are applicable to a given loss, shall be available to City. No representation is made that the minimum insurance requirements of this Agreement are sufficient to cover the obligations of Consultant under this Agreement.

J. Subcontractor Insurance Requirements

Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to City that it has secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors shall be endorsed to name City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials as additional insureds, using ISO form CG 20 38 04 13 or an endorsement providing the same coverage. If requested by Consultant, City may approve different scopes or minimum limits of insurance for particular subcontractors.

13. Indemnification.

14. Laws and Venue.

This Agreement shall be interpreted in accordance with the laws of the State of California without regard for change of venue laws. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Orange, State of California. Consultant must comply with the claim procedures set forth in the Government Claims act (Government Code Section 810 et seq.) prior to filing any lawsuit against City.

15. Termination.

A. City may terminate any portion or all of the Services or this Agreement with or without cause by giving 10 days' written notice to Consultant. In such event, City shall be immediately given title to and possession of all Work Product (as defined) below and original field notes, drawings and specifications, written reports and all other documents produced or developed pursuant to this Agreement. Provided Consultant is not then in breach, City shall pay Consultant for any portion of the Services satisfactorily completed prior to termination. If termination occurs prior to completion of any specific task for which a payment request has not been received, the charge for Services performed shall be the reasonable value of such Services, based on an amount agreed to by the parties. City shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed Services, and shall not be entitled to damages or compensation resulting from such termination.

B. Consultant may terminate this Agreement only for cause and by serving written notice of termination to City, provided Consultant has first served City with a written notice of default

and demand to cure, and City has failed to cure such default within 30 days of receipt of such notice.

16. Ownership of Work Product.

A. All draft and final reports, documents, and other written material, and any and all images, ideas, concepts, designs including website designs, source code, object code, electronic data and files, and/or other media whatsoever created or developed by Contractor in the performance of this Agreement (collectively, "Work Product") shall be considered to be "works made for hire" for the benefit of City. All Work Product and any and all intellectual property rights arising from their creation, including all copyrights and other proprietary rights, shall be and remain the property of City without restriction or limitation upon their use, duplication or dissemination by City upon final payment being made, provided that any such use shall be at City's sole risk. Contractor shall not obtain or attempt to obtain copyright protection as to any of the Work Product. Contractor agrees that the compensation set forth in Section 2 of this Agreement includes conveyance to City of ownership of all Work Product, including intellectual property rights, as provided in this Section 16. B. Contractor hereby assigns to City all rights of ownership to the Work Product, including any and all related intellectual property and proprietary rights, that are not otherwise vested in City pursuant to subsection A above. C. Contractor warrants and represents that it has secured all necessary licenses, consents or approvals necessary to the production of the Work Product, and that upon final payment or Contractor's default, City shall have full legal title to the Work Product, and full legal authority and the right to use and reproduce the Work Product for any purpose. Contractor shall defend, indemnify and hold City, and the other Indemnitees harmless from any and all losses, claims or liabilities in any way related to a claim that City's use of any of the Work Product violates federal, state or local laws, or any contractual provisions, or any rights or laws relating to trade names, licenses, franchises, copyrights, patents or other means of protecting intellectual property rights and/or interests in products, ideas or inventions. Contractor shall bear all costs arising from the use of patented, copyrighted, trade secret or trademarked documents, materials, equipment, devices or processes in connection with its provision of the Work Product produced under this Agreement. In the event the use of any of the Work Product or other deliverables hereunder by City is held to constitute an infringement and the use of any of the same is enjoined, Contractor, at its expense, shall: (a) secure for City the right to continue using the Work Product and other deliverables by suspension of any injunction, or by procuring a license or licenses for City; or (b) modify the Work Product and other deliverables so that they become non-infringing while remaining in compliance with the requirements of this Agreement. Contractor's obligations under this Section shall survive the expiration or termination of this Agreement.

17. Data Security.

A. As used in this Agreement, "City Data" means any and all information and data provided or made accessible, directly or indirectly, to Contractor by City, or otherwise acquired from City, in connection with Contractor's performance of the Services. Except where subject to a third party's intellectual property rights, any and all City Data is solely owned by

City. Contractor is granted a limited, non-exclusive, and revocable license to use City Data solely as necessary to perform the Services. At no time shall Contractor use City Data for its own purposes, or sell, disclose or disseminate City Data, except as required by law or to provide the Services. At all times herein, Contractor shall protect and maintain the security of City Data using methods providing not less than the level of security Contractor uses for its own confidential data, and that otherwise comply with recognized industry data security standards applicable to similar kinds of governmental data and information. B. To the extent any City Data consists of personal information as defined in Consumer Privacy Act (Civil Code Section 1798.100 et seq.), Contractor shall comply with that statute and with Civil Code Section 1798.82 including providing the required notifications in the event of any unauthorized access of personal information stored, maintained, accessed, used or transmitted by Contractor in connection with this Agreement. Notwithstanding the foregoing, Contractor shall within 24 hours notify the City Representative by telephone and in writing of any unauthorized access of City Data. Thereafter, Contractor shall render any assistance to City and law enforcement as necessary to ascertain the nature and extent of such unauthorized access. C. Contractor shall not store City Data using cloud-based storage without City's prior, written consent, unless the use of such storage is clearly described in the Scope of Services. Where permitted herein, any and all cloud-based storage shall be on servers and other hardware located within the continental United States, and shall be in compliance with ISO/IEC 27001 - 27018, as applicable, unless otherwise agreed to in writing by the City Representative.

18. Party Representatives.

City hereby designates **Brian Ingallinera**, or such person's designee, as the City Representative for this Agreement.

Consultant hereby designates **Howard Wen**, or such person's designee, as Consultant's Representative for this Agreement, unless and until written notice of a new representative acceptable to City is provided to City.

The foregoing representatives shall be authorized to provide consent where required herein, and to make other administrative decisions that will be binding on their respective party, except as otherwise specifically required herein.

19. Notices.

Any notices, invoices, or other documents related to this Agreement shall be deemed received on: (a) the day of delivery, if delivered by hand during the receiving party's regular business hours or by e-mail before or during the receiving party's regular business hours; (b) the business day after delivery, if delivered by e-mail after the receiving party's regular business hours; or (c) on the second business day following deposit in the United States mail, certified mail with return receipt requested and postage prepaid, to the addresses listed below, or to such other addresses as the parties may, from time to time, designate in writing.

City
City of Brea
1 Civic Center Circle
Brea, CA 92821

Brian Ingallinera
Briani@CityofBrea.net
(714) 990-7672

Consultant
Fusco Engineering, Inc
16795 Von Karman, Suite 100
Irvine, CA 92606
USA
Howard Wen
hwen@fuscoe.com
(949) 474-1960

20. Third Party Rights.

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than City and Consultant.

21. Conflicts of Interest.

A. Consultant covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services. Consultant certifies that no one who has or will have any financial interest under this Agreement is an officer or employee of City.

B. Consultant further covenants that, in the performance of this Agreement, no subcontractor or person having any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services shall be employed. Consultant has provided City with a list of all City-approved subcontractors and the key personnel for such subcontractors that are retained or to be retained by Consultant in connection with the performance of the Services, to assist City in affirming compliance with this Section.

C. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. If required, Consultant further agrees to file, or shall cause its employees or subcontractors to file, a Statement of Economic Interest with the City Clerk as required under state law in the performance of the Services. For breach or violation of this warranty, City shall have the right to terminate this Agreement without liability. No director, official, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

22. Severability.

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the provisions unenforceable, invalid or illegal.

23. Successors and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of the parties.

24. Non-Waiver.

None of the provisions of this Agreement shall be considered waived by either party, unless such waiver is specified in writing, and any such waiver shall be limited to that set of circumstances and not to any future circumstances unless another written waiver is executed.

25. Time of Essence.

Time is of the essence in each and every provision of this Agreement.

26. City's Right to Employ Other Consultants.

City reserves its right to employ other Consultants to provide the Services or similar services.

27. Exhibits.

The attached **Exhibit A** is incorporated herein by reference. In the event of any conflict or inconsistency between the provisions of this Agreement and any Exhibit, the provisions of this Agreement shall govern.

28. Entire Agreement.

This Agreement represents the entire understanding of the parties as to the Services, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters. Each party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both parties. This is an integrated Agreement.

[SIGNATURES ON FOLLOWING PAGE]

TO EXECUTE THIS AGREEMENT, the Parties have caused their authorized representatives to sign below. Digital Signatures are acceptable if they conform to all requirements of California Government Code Section 16.5.

Fusco Engineering, Inc

By: 

John Oliver

President

jolivier@fuscoe.com

Date Signed: 8/24/2024

By: 

Jill Littley

Chief Finance Officer

jlittley@fuscoe.com

Date Signed: 8/24/21

[Corporation: pursuant to California Corporations Code Section 313, both signature lines must be executed unless the signatory holds at least one of the offices designated on each line. Limited liability company: Pursuant to California Corporations Code Section 17703.01(d), both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]

City of Brea

Attest (if over \$25,000)

By: _____

Steve Vargas

Mayor

Date Signed: _____

By: _____

Lillian Harris-Neal

City Clerk

LillianHN@CityofBrea.net

Date Signed: _____

SPECIAL PROVISIONS
No Special Provisions required for this Agreement.

Labor Code Requirements.

A. Contractor acknowledges that this contract is subject to the provisions of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the Labor Code relating to public works, and Contractor agrees to be bound by all provisions thereof as though set forth in full herein.

B. This is a public work and requires the payment of prevailing wages for the work or craft in which the worker is employed for any public work done under the contract by Contractor or by any subcontractor pursuant to Labor Code Section 1771. Pursuant to Labor Code Section 1773, City has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of workman needed to execute this contract from the Director of the Department of Industrial Relations. These rates are on file with the City Clerk or may be obtained at <http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>.

C. Copies may be obtained at cost at the City Clerk's office. Contractor shall post a copy of such wage rates at the job site and shall pay the adopted prevailing wage rates as a minimum. Contractor shall comply with the provisions of Labor Code Sections 1775, 1776, 1777.5, 1777.6, and 1813. Pursuant to Labor Code Section 1775 of the Labor Code, Contractor shall forfeit to City, as a penalty, not more than \$200 for each calendar day, or portion thereof, for each laborer, worker, or mechanic employed, paid less than the stipulated prevailing rates for any work done under this contract, by Contractor or by any subcontractor, in violation of the provisions of this Agreement.

D. In accordance with Labor Code Sections 1725.5 and 1771.1, and except for projects involving construction, alteration, demolition, installation, or repair work of \$25,000 or less, or maintenance work of \$15,000 or less, no contractor or subcontractor shall be qualified to bid on, be listed in a bid proposal, subject to the requirements of Public Contract Code Section 4104, or engage in the performance of any public work contract unless currently registered and qualified to perform public work pursuant to Section 1725.5 [with limited exceptions for bid purposes, only, pursuant to Labor Code Section 1771.1(a)].

E. Pursuant to Labor Code Section 1776, Contractor shall maintain and make available an accurate record showing the name of each worker and hours worked each day and each week by each worker employed by Contractor performing services covered by this Agreement. Contractor and its subcontractors shall furnish electronic certified payroll records to the Labor Commissioner in accordance with Labor Code Section 1771.4. The project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. Contractor is responsible for compliance with Section 1776 by itself and all of its subcontractors. This project is subject to compliance monitoring and enforcement by the

DIR. Contractor shall post job site notices, as prescribed by regulation.

F. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1777.5, 1777.6 and 1777.7 and California Code of Regulations Title 8, Section 200 et seq. concerning the employment of apprentices on public works projects. Contractor shall be responsible for compliance with these Sections for all apprenticeable occupations. Before commencing the Services, Contractor shall provide City with a copy of the information submitted to any applicable apprenticeship program. Within 60 days after concluding the Services, Contractor and each of its subcontractors shall submit to City a verified statement of the journeyman and apprentice hours performed under this Agreement.

G. Contractor agrees to comply with the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. Contractor shall, as a penalty to City, forfeit \$25 for each worker employed in the execution of the contract by Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code.

H. Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of Labor Code Section 1861, by executing this Agreement, Contractor certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.”

EXHIBIT A
SCOPE OF SERVICES AND FEE SCHEDULE
(Consultant's proposal attached)

August 6, 2021

August 6, 2021

Mr. Brian M. Ingallinera
CITY OF BREA
1 Civic Center Circle
Brea, CA 92821

Re: Proposal – City of Brea Harvest and Reuse Opportunities Assessment

Dear Brian:

Attached for your review is our *Scope of Services and Fee Proposal* for a comprehensive assessment of *Harvest and Reuse Opportunities Assessment* within your City.

We understand the City is currently undergoing various sustainable planning initiatives including the consideration of evaluating stormwater harvesting and reuse Best Management Practices (BMPs) to offset potable water demands. Not only will this scope help the City make progress towards these sustainability initiatives, it will also help the City contribute to Orange County's water management goals to improve water quality, increase water supply and reliability, and collaborate to ensure healthy watersheds now and for generations. In addition, it will support the City's 2020 Urban Water Management strategies of increasing local water supply reliability over the next 25 years.

Our firm has worked with City staff successfully for 15 years to ensure the City is performing all stormwater compliance activities required under the MS4 Permit. Our team has in depth knowledge of the City's stormwater program, current practices, and existing infrastructure and storm drain systems which puts us in a great position to assist in the City in this endeavor. This scope will build upon more recent efforts in 2020 and 2021 to identify feasibility of implementing regional BMPs to improve water quality. We will advance these efforts to better understand the engineering opportunities and constraints with designing and constructing harvest and reuse BMPs within identified properties throughout the City. Results will be summarized in a brief memorandum with Fuscoe's recommendation for top opportunity sites for harvest and reuse BMP implementation. The timing of such an evaluation is likely to reflect positively on City Council in light of the current drought conditions the State of CA is in. *The ultimate goal of this effort is to help City Council make informed decisions about implementing harvest and reuse BMPs within their City and reduce potable water demands.*

In this scope of work, we look forward to evaluating the many potential benefits regional and local harvest and reuse BMPs. We are confident you will be pleased with the level of service our professional staff will deliver for your project. Upon approval of the proposal, please initial and sign in the indicated areas and return via fax to 949.474.5315 as our authorization to proceed. Please contact me if you have any questions or comments.

Scope of Services & Fee Proposal

City of Brea

Harvest and Reuse Opportunities Assessment

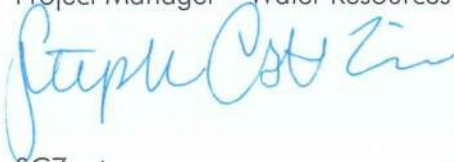
August 6, 2021

Sincerely,

FUSCOE ENGINEERING, INC.

Stephanie Castle Zinn

Project Manager – Water Resources



SCZ:mt

EXHIBIT A
Scope of Services & Fee Proposal
City of Brea
Harvest and Reuse Opportunities Assessment

August 6, 2021

1.0 PROJECT DESCRIPTION

In support of the City of Brea's (City) sustainability initiative, conduct an analysis outlining opportunities to increase the implementation of stormwater harvest and reuse ("harvest and reuse" or HRU) systems to offset potable water demands and enhance water quality throughout the City. This effort will also look to incentivize and promote the implementation of harvest and reuse BMPs associated with private developments within the City. As the City does not currently have access to local or regional recycled water, capture and reuse of stormwater resources would provide an important additional source of water supply that could be utilized to offset potable water demands. Such resources could be incorporated to help meet the County water quality efforts, the City's Urban Water Management Plan objectives, and to achieve a more diversified water supply portfolio.

2.0 PURPOSE OF SERVICES

Fusco will work with the City to identify opportunity sites throughout the City that would serve as potential locations for harvest and reuse BMPs. Fusco will then perform an engineering feasibility assessment to determine if 1) Regional harvest and reuse BMPs can be constructed in these areas and their sizes/features, and 2) if upstream tributary flows can be diverted to these areas in an efficient and cost effective manner. Fusco will also work with City staff on ways to incentivize private developers to implement harvest and reuse BMPs on-site.

Task 1. Harvest and Reuse BMP Opportunity Site Identification Kickoff Meeting

Description: Participate in one meeting with City staff to discuss the previously submitted City of Brea Watershed Improvement Plan Regional BMP Assessment Memorandum (Fusco Engineering, 6-21-2021) to ultimately identify five (5) opportunity sites to perform an engineering feasibility assessment (Task 2). Task includes one in person meeting (or virtual if preferred) over 2 hour period to finalize 5 (five) opportunity sites.

Deliverable: Email confirmation of 5 opportunity sites to City staff

Task 2. Top 5 Opportunity Site Engineering Feasibility Assessment

To ultimately determine the feasibility of designing and constructing Regional HRU BMPs within certain areas of the City, an engineering feasibility assessment must be performed to build upon Task 1. The subtasks below will map existing street orientations and utilities within Regional HRU BMP areas; identify locations for diversion structures for these catchments; and determine the optimal size, orientation and primary components of the HRU BMP (e.g. underground tank). *It is assumed here that the City will want to analyze a maximum of 5 (five) opportunity sites for regional BMP implementation. If this number increases, an add service will be offered.*

Scope of Services & Fee Proposal

City of Brea

Harvest and Reuse Opportunities Assessment

August 6, 2021

TASK 2A – Harvest and Reuse Tank Size Calculation

Description: Determine optimal size of harvest and reuse BMP tank based on irrigation demand of Regional BMP location for up to five opportunity sites. Fuscoe team will utilize available County data which includes the 85th percentile volume for upstream tributary areas of Regional HRU BMPs as a starting point. The 85th percentile volume will provide a basis for determining if there's an opportunity to capture a portion of this volume or potentially more for reuse. It is assumed that water use (water demand) for each regional BMP site will be provided by the City; for Regional BMP sites without water data, the Estimated Total Water Use (ETWU) equation will be employed to estimate water demands if City data isn't available. This information will be utilized to finalize a size of the harvest and reuse tank and pump features (summarized as part of Task 2C). If irrigation demand is greater than the 85th percentile volume, the tank may be upsized - additional hydrology calculations for larger storm frequencies and flood control assessments are not included here but may be considered with subsequent proposal.

Deliverable: Calculation spreadsheet summary

TASK 2B – Storm drain, catchment and BMP location assessment

Description: Obtain utility base (storm drain lines, street as built plans) from the City and other agencies having jurisdiction and add in these facilities into the existing five Regional BMP opportunity site maps from Task 1. Identify opportunity sites that have optimal orientation of adjacent storm drain lines for implementation of a diversion structure to bring storm flows into the opportunity site for reuse. Identify optimal location of harvest and reuse BMP tank(s) as well as likely locations of system features (e.g. control panel, structures) for sites with feasible storm drain diversions. Coordinate with City on findings.

Deliverable: 24" x 36" schematic design sheets using high resolution imagery for base information with CAD line work overlay showing pertinent site facilities, existing utilities and proposed improvements.

TASK 2C – Harvest and Reuse BMP Final Recommendation Memorandum

Description: Summarize findings from Task 2A & B in a memorandum with Fuscoe's recommendation for most feasible harvest and reuse BMP opportunity sites out of the five areas assessed. Memorandum will also include an order of magnitude cost estimate of each system including estimates for harvest and reuse tank system cost, filter/treatment system, diversion structure cost, storm drain pipe needed as well as long term maintenance considerations based on best available information from vendors. ROI assessment included based on available potable water fees provided by the City. Cost estimate will not include engineering design costs. Memorandum will note constraints with each site and reasons for top priority sites identified.

Deliverable: Harvest and Reuse BMP Cost Estimate and Final Recommendation Memorandum

Task 3. Private Development On-site Harvest & Reuse Incentives

Description: To incentivize localized, on-site harvest and reuse BMPs, work with City staff to promote harvest and reuse BMPs as part of new development and significant redevelopment water quality requirements under the current and future MS4 Permits. Task will include summarizing best candidate

Scope of Services & Fee Proposal

City of Brea

Harvest and Reuse Opportunities Assessment

August 6, 2021

projects for reuse. Task will also include outreach to City of Los Angeles to understand their incentives and also includes a summary of OCSD water savings incentives to reduce property tax bills. In addition to efforts above, task assumes one in person 2-hour meeting with applicable City staff as well as one follow up phone call on direction City wants to pursue.

Deliverable: Memorandum memorializing meeting minutes and takeaways from City staff as well as main findings from this task. *Future deliverables, not included here, could include flyer on City's website and/or updates to WQMP Plan Check Checklist.*

Task 4. Meetings & Project Coordination

Provide coordination and meetings with City for each task specified above. Assume one Sr PM and one PM for one two hour meeting after each task above (Task 1, Task 2A-C) for a total of 4 (four) 2-hour meetings to discuss findings and next steps. Task 3 efforts include time for meetings/coordination within the task and are not included here.

Additional Services Available but Not Included

- **Technology**
 - Aerial Scanning
 - 3D/360-Degree Modeling
 - Animated View Simulations
 - VR Modeling
 - Artificial Intelligence

Reimbursables Budget (Est.) \$2,700

***Not to exceed without prior authorization**

This Fee Proposal is Valid for Ninety (90) Days from the Date of this Document.

Fuscoe Engineering, Inc. will perform the services on a fixed fee basis, except where noted. Services rendered outside of the scope will be performed at prevailing hourly rates. Costs of reprographics, deliveries and out-of-pocket expenses are not included and will be considered reimbursable. A 10% surcharge will be added to the reimbursables to cover handling expenses.

It is the policy of Fuscoe to meet all schedule requirements while maintaining a competent and professional level of service. In return, it is expected that all invoices will be paid within thirty (30) days of receipt. Failure to do so could result in cessation of services and/or reassessment of service.

SUMMARY OF SCOPE OF WORK AND FEES

	<u>Org.</u>		
Task 1. Harvest & Reuse BMP Opportunity Site Identification Kickoff Mtg	WQ	Fee	\$2,200
Task 2A. Harvest and Reuse Tank Size Calculation	WQ	Fee	\$4,000
Task 2B. Storm drain, catchment and BMP location assessment	ENG	Fee	\$18,000
Task 2C. Harvest and Reuse BMP Final Recommendation Memorandum	WQ	Fee	\$12,300
Task 3. Private Development On-site Harvest & Reuse Incentives	WQ	Fee	\$7,000
Task 4. Meetings and Coordination	WQ	Hourly	\$6,000
TOTAL			\$49,500

3.0 AVAILABLE OPTIONAL SERVICES

- 3.1 Preparing for and attending meetings, presentations or hearings beyond those fairly called for in the Basic Services as requested by Client or reasonably necessary to facilitate the Project, and assisting Client in any reasonable or appropriate manner in challenging the decisions of any government or quasi-governmental agency concerning the Project.
- 3.2 Providing presentation materials not fairly called for by the Basic Services such as colored renderings, models and computer modeling.
- 3.3 Making revisions to plans or other documents when such revisions are (i) inconsistent with approvals or instructions previously given by Client, including revisions made necessary by changes in the Project program, budget, scheduling or phasing; (ii) required by the enactment, amendment or revised interpretation of codes, zoning, building ordinances or other governmental requirements subsequent to the preparation of such documents, or by discretionary decisions by building officials or inspectors inconsistent with prior approvals; or (iii) due to changes required as the result of the Client's failure to render decisions in a timely manner or to field or other conditions of which Consultant was not fairly informed.
- 3.4 Providing services (i) because of Project changes concerning size, quality, complexity, schedule, phasing or the method of procuring construction contracts; (ii) required due to a Project suspension, or changes in Project management, or by defects or deficiencies in the work or services provided by or the termination of other consultants or any Project contractor or in connection with contractor proposals or claims; or (iii) due to conditions or circumstances not now anticipated or reasonably foreseeable.

4.0 SERVICE CLARIFICATIONS

- 4.1 Consultant's services will be performed in a timely manner consistent with good professional practice and the desire that the Project proceeds as expeditiously as practical; and it will use its best efforts to meet any mutually agreed upon schedule, which schedule will be adjusted only for reasonable cause or by mutual consent.
- 4.2 Consultant's services will be performed in accordance with generally and currently accepted design professional principles and practices as embodied in the standard procedures and protocols of Consultant and its sub-consultants, and without warranties, either expressed or implied. In particular, Consultant will use its best professional judgment in interpreting and applying the requirements of all laws applicable to the services such as building codes, grading ordinances, accessibility requirements and statutory functionality standards; but compliance with these laws as they may eventually be interpreted by others cannot be guaranteed. In no event will Consultant guarantee cost, schedule or quantity estimates or projections, or any prognostications as to future events, including the discretionary

Scope of Services & Fee Proposal

City of Brea

Harvest and Reuse Opportunities Assessment

August 6, 2021

decisions of governmental officials; and when used in conjunction with the providing of services pursuant to this Agreement, such terms as "certify," "warrant," "confirm," "make sure," "insure," "ensure," "assure," or the like do not constitute a guarantee, but rather a representation based on professional opinion or judgment.

- 4.3 All instruments of service provided pursuant to this Agreement including plans, calculations and estimates shall, unless expressly agreed otherwise in writing, be prepared pursuant to Consultant's standard procedures and protocols and in its standard formats and level of quality and detail.
- 4.4 Consultant will undertake professional responsibility for only the design professional services expressly undertaken by this Agreement, and not otherwise; and in particular Consultant will not be legally liable for providing or failing to provide services (i) concerning legal, financial, planning or environmental matters; (ii) soils, geotechnical, hazardous waste/toxic substances, traffic, electrical, mechanical or structural engineering; or (iii) landscape architectural or irrigation design. Further and without limitation, Consultant will not be responsible for delays or other matters beyond its reasonable control; for inaccurate or incomplete information provided by Client or other reasonably reliable sources; for services or instruments of service provided by others even if incorporated into Consultant's instruments of service for ease of reference or otherwise; for any subsurface site conditions or any surface or other conditions of which it has not been timely Informed; for hazardous materials or toxic substance at the Project site; or for the actions or inaction of others including other consultants, utility companies and governmental or quasi-governmental agencies.
- 4.5 In no event will Consultant serve as, supervise or have any responsibility for the performance of any construction contractors; and in particular Consultant will have no responsibility for construction means, methods, techniques, sequences or procedures including without limitation excavation or shoring procedures or for any construction safety procedures or programs.
- 4.6 Consultant's work shall be based upon a fully dimensioned Client approved site plan in an AutoCAD format at start of final engineering phase. Subsequent changes, modifications and/or revisions to the site plan after Consultant begins the final engineering phase, which cause Consultant to revise portions and/or all of said work, shall be considered as "Additional Services" and subject to separate scope and fee negotiations.
- 4.7 Consultant's work shall be based upon a Client provided geotechnical investigation report identifying the existing soil characteristics, recommended pavement thickness and recommended site and building grading requirements and/or specifications prior to the start of the work. Subsequent changes, modifications and/or revisions to the report after Consultant begins work, which cause Consultant to revise portions and/or all of said work, shall be considered as "Additional Services" and subject to separate scope and fee negotiations.
- 4.8 Consultant's work shall be based upon a Client provided owner's design requirements/criteria, local agency conditions of approval, local agency conditional use permit, etc., prior to the start of the work. Receipt of said documents after Consultant begins work, which cause Consultant to review portions and/or all of said work, shall be considered as "Additional Services" and subject to separate scope and fee negotiations.
- 4.9 Consultant assumes that perimeter streets and existing water, sewer, storm drains, gas, electrical, and telephone utilities are of sufficient size and capacity for the proposed development. Should improvement plans be required to upgrade or modify said existing improvements, then the preparation of said plans shall be considered "Additional Services" and subject to separate scope and fee negotiations.
- 4.10 The Scope of Services for final engineering shall be considered 100% complete upon the technical approval of the plans by the reviewing agencies.
- 4.11 Any work resulting from changes to current standards, ordinances, and/or governing agency personnel after the date of the Agreement which materially impact the design or processing of this Project or

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City of Brea

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August 6, 2021

which results in re-design or material changes in the design shall be performed as "Additional Services" and subject to separate scope and fee negotiations.

- 4.12 Consultant will not be responsible for supervision of contractor's employees nor direct supervision of construction crews.
- 4.13 Those items of work not specifically addressed in the Data and Assumptions and Scope of Services shall not be considered a part thereof, and shall be considered as "Additional Services" and subject to separate scope and fee negotiations.
- 4.14 Improvement plans for sewer, water, and public streets will be prepared at a scale of 1"=40' and will include a plan view and profile of the centerline of the improvement. Additionally, street improvement plans will include profiles of the top of curb where the curb and gutter are being constructed from the plans prepared hereunder. Intersection details showing grading contours are not anticipated and are not included. Striping plans are not included unless specifically stated elsewhere in the Scope of Services, and shall constitute "Additional Services" and be subject to separate scope and fee negotiation.

Items specifically excluded from the Agreement consist of, but are not necessarily limited to, the following:

- 4.15 Supplemental topo.
- 4.16 ALTA/ACSM land title survey maps lot line adjustments (after map recordation).
- 4.17 Soils or subsurface investigation.
- 4.18 "Potholing," physically digging to expose objects to be located and measured.
- 4.19 Scheduling, coordination and/or witnessing of fire flow tests to determine available water pressures and fire flows.
- 4.20 Coordination with local gas, electrical, telephone, and cable television companies for the design and/or preparation of plans and/or service agreements for new and/or relocated service facilities.
- 4.21 Preparation, approval or processing of site plan.
- 4.22 Conditional use permit processing.
- 4.23 Utility coordination (quitclaims and/or non-interference letters and will-serve letters).
- 4.24 Tentative map processing through public agencies.
- 4.25 Preparation of legal descriptions and/or plats.
- 4.26 Preparation of easement or grant deeds.
- 4.27 Legal descriptions and plats required for annexation, zone changes or zoning maps.
- 4.28 Legal descriptions and plats required for formation of or annexation to maintenance, assessment or other special districts (landscape, water, sewer, etc.).
- 4.29 Final mapping.
- 4.30 Condominium plans.
- 4.31 "Covenants, Conditions and Restrictions" documents.
- 4.32 Excavation plan which may or may not be required by the agency.
- 4.33 Preparation of haul route plan for import/export of soil.
- 4.34 Guard house and gated entry plans.
- 4.35 Plans for the drainage system beneath the buildings.
- 4.36 Preparation of parking lot striping and/or signage plan.

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- 4.37 Preparation of landscape plans for softscape areas, hardscape areas, and enhanced pavement areas for driving and/or walking.
- 4.38 Preparation of irrigation system plans.
- 4.39 Preparation of site lighting plan for parking lots and walkways.
- 4.40 Preparation of building fire suppression system plans.
- 4.41 Dry utility services.
- 4.42 Traffic signal plans.
- 4.43 Construction traffic control plan.
- 4.44 Preparation of project specifications and construction agreement.
- 4.45 Construction administration for bidding, award and observation.
- 4.46 Construction phase coordination.
- 4.47 Setting off-site monumentation deemed necessary by the governing authority.
- 4.48 Corner record or certificate tie sheet preparation and filing.
- 4.49 Any work resulting from changes to current standards, ordinances and/or governing agency personnel after the date of the Agreement which materially impact the design or processing of this Project or which results in redesign or material changes in the design shall be performed as "Additional Services" and be subject to separate scope and fee negotiation.
- 4.50 Fees contained in the Agreement do not include title company fees, agency fees, environmental studies, subordination agreements, relocation of franchise utilities, design of on-site franchise utilities, traffic impact studies, or traffic signal design.

5.0 CLIENT RESPONSIBILITIES

In conjunction with Consultant's performance, and as a material factor in the determination of Consultant's fee, Client shall make reasonable efforts to cooperate with Consultant including without limitation:

- 6.1 Designate a single representative with appropriate authority with whom Consultant can deal; and direct all communications to Consultant's project manager.
- 6.2 Provide all relevant Project information to Consultant in a timely manner; and respond to Consultant's questions and requests for information and approval within a reasonable time.
- 6.3 Provide appropriate coordination with and among the Project's various consultants.
- 6.4 Refrain from authorizing or allowing recorded or unrecorded deviations from Consultant's instruments of service, or the use of Consultant's unfinalized instruments of service for estimating or other purposes without Consultant's knowledge and consent.

6.0 FEE

- 7.1 Consultant's Additional Services fee shall be pursuant to its then current fee schedule (copy of current schedule attached), or as the parties may otherwise agree at the time the services are undertaken.
- 7.2 The reimbursable expenses for which Client shall be responsible at a multiple of 1.10 include those costs reasonably and appropriately incurred for the Project for such matters as document reproduction, deliveries, travel, long distance telephone and facsimile charges, and any fees or costs advanced by Consultant as a Client accommodation.
- 7.3 Consultant will provide Client with monthly invoices accurately reflecting as appropriate the progress of the services and current expenditures of professional time and reimbursable expenses. Each invoice shall be due and payable upon receipt, and delinquent 30 days after its date. In the event of delinquency, interest shall accrue from the invoice date at 1.5% per month, compounded monthly, or

Scope of Services & Fee Proposal

City of Brea

Harvest and Reuse Opportunities Assessment

August 6, 2021

the highest rate permitted by applicable law, whichever is lower, with payments applied first to accrued interest, and Consultant shall have the right to suspend performance and to withhold or withdraw any instruments of service or related licenses with no liability for so doing. No deductions shall be made from Consultant's compensation on account of problems or losses for which Consultant has not been held legally liable. Consultant's fee will be equitably adjusted in the event of significant changes in the Project's scope, sequencing, phasing or scheduling, should prevailing wage requirements be imposed upon Consultant, or should Client expressly request expedited performance.

EXHIBIT B

2021 – 2022 RATE SCHEDULE

CLASSIFICATION	HOURLY RATE
Principal / Sr. Project Manager	\$240
Project Manager	\$210
Sr. Designer / Project Engineer / Sr. Water Resource Engineer	\$185
Designer / Engineer / Project Scientist / GIS Analyst	\$165
CADD / Engineering / Environmental Tech. / Graphics Tech.	\$135
Information Coordinator	\$ 95
1-Man Survey Crew	\$206
2-Man Survey Crew	\$299
3-Man Survey Crew	\$412

1. Reproduction and other reimbursable expenses (such as overnight deliveries, mileage, permits, and licenses, etc.) and client approved subcontractor services will be billed in addition to the above rates, with a 10% handling surcharge.
2. This rate schedule is subject to change due to the granting of wage increases and/or other employer benefits to field or office employees during the lifetime of this agreement.
3. Overtime is available for critical deadlines at 1-1/2 times the normal rates for office employees. Surveyors' rates are also adjusted automatically for overtime or holiday/weekend work in agreement with the Operating Engineers Union.

Client Initials _____

Effective through June 30, 2022



Irvine
San Diego
Ontario
Los Angeles

STANDARD FORM OF AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is entered into on this ____ day of _____, 2021, by and between:

Client

and Consultant

City of Brea
1 Civic Center Circle
Brea, California 92821

Phone: 714.990.7672

E-mail: briani@cityofbrea.net

Contact: Brian M. Ingallinera

Fusco Engineering, Inc.
16795 Von Karman Ave., Suite 100
Irvine, CA 92606

Phone: 949.474.1960

Fax: 949.474.5315

E-mail: scastlezinn@fuscoe.com

Project Manager: Stephanie Castle Zinn

Client and Consultant agree as follows:

1. Client retains Consultant to perform services for: **Harvest and Reuse Opportunities Assessment**; hereinafter called "Project."
2. CONSULTANT agrees to perform the following scope of services: attached hereto as Exhibit A.
3. Client agrees to compensate CONSULTANT for such services outlined in Exhibit A, pursuant to Rate Schedule attached hereto as Exhibit B.
4. CONSULTANT and its employees, subsidiaries, independent professional associates, sub-consultants, and subcontractors will exercise the degree of care and skill ordinarily practiced under similar circumstances by engineering professionals providing similar services. Client agrees that services provided will be rendered without any warranty, express or implied. CONSULTANT shall exercise usual and customary professional care in its efforts to comply with applicable codes, regulations, laws, rules, ordinances, and such other requirements in effect as of the date of execution of this Agreement.
5. CONSULTANT shall be entitled to rely, without liability, on the accuracy and completeness of any and all information and services provided by Client, Client's consultants and contractors. CONSULTANT will not be legally liable for the providing of, or the failure to provide legal, environmental, financial analysis, or geotechnical, soils, structural, mechanical, electrical or other engineering services, even if information from others is incorporated into consultant's instruments of service for ease of reference or otherwise. Further, and without limitation, CONSULTANT will not be responsible for delays or other matters beyond its reasonable control; for site conditions of which it was not informed; for hazardous materials or toxic substances at the Project site; for construction means, methods, techniques, sequences or procedures, including without limitation excavation, shoring, demolition or erection procedures or construction safety precautions and programs; for the timeliness or quality of contractor performance or for the failure of any contractor to perform work in accordance with the Project's construction documents; or for actions or inaction of third parties including other consultants, utility companies and governmental or quasi-governmental agencies.

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6. In recognition of the relative risks, rewards and benefits of the Project to both the Client and the CONSULTANT, the risks have been allocated such that the Client agrees, to the fullest extent allowed by law, to limit the total aggregate liability for any and all claims, losses, expenses, or damages arising out of this Agreement, of CONSULTANT and its employees, agents and subconsultants, to Client and Client's affiliated individuals and entities, contractors and successors and assigns, to the amount of consultant's fee received concerning the Project. Client further agrees to indemnify and hold CONSULTANT, its employees, agents and subconsultants, harmless from all damage, liability and cost, including attorney's fees, arising out of this Agreement or relating to the Project excepting only those damages, liabilities or costs caused by the negligence or willful misconduct of CONSULTANT.
7. The parties acknowledge that each is a business entity, and that each intends that its involvement with the Project should not subject its affiliated individuals to personal exposure for the risks attendant to that involvement; and therefore, any claim which either party has or might have concerning the Project and or this Agreement shall be asserted only against the other's business entity.
8. CONSULTANT shall maintain professional liability, general liability and workers compensation insurance.
9. To the extent any damage, liability, loss, expense or cost, including attorney's fees, is caused by a negligent act, error, or omission of CONSULTANT, or any person employed by CONSULTANT, and arises out of the performance of this Agreement, CONSULTANT shall indemnify and hold the Client harmless therefrom. The Parties expressly agree in no event shall the indemnification obligation of the CONSULTANT include a duty to defend any claims, causes of action, demands, costs or lawsuits in connection with or arising out of this Project if damages were not caused by the negligence of the CONSULTANT in performance of services under this Agreement.
10. This Agreement supersedes all negotiations and prior agreements concerning the Project and is intended as a complete and exclusive statement of the entire Agreement between Client and CONSULTANT concerning the Project. Subsequent modifications to this Agreement shall be in writing and signed by both Client and CONSULTANT.
11. This Agreement shall be interpreted and enforced under and pursuant to the laws of the State of California. In the event of any dispute concerning this Agreement and/or the Project, each party shall bear its own attorney's fees. The venue for any dispute shall be Orange County, California.
12. The Parties hereby mutually waive any claims for consequential damages which either might have against the other concerning this Agreement or its termination.
13. The Client and CONSULTANT agree to resolve any claim or dispute arising out of this Agreement first through negotiation. If the parties cannot come to an agreement through negotiation, they shall submit all claims and disputes to non-binding mediation prior to the initiation of legal proceedings including litigation. This provision shall survive completion or termination of this Agreement; however, neither party shall seek resolution of any claim or dispute arising out of this Agreement beyond the period of time that would bar the initiation of legal proceedings to litigate such claim or dispute under the applicable law.
14. The CONSULTANT grants the Client a license to use the consultant's Instruments of Service for the purpose of the construction of the project under this agreement once the CONSULTANT has been paid in full for all services rendered. Any misuse, reuse or distribution to third parties without such express written permission or project-specific adaptation by the CONSULTANT shall be at the Client's sole risk and without liability to the CONSULTANT. The Client shall, to the fullest extent permitted by law, defend, indemnify, and hold harmless the CONSULTANT from and against any and all costs, expenses, fees, losses, claims, demands, liabilities, suits, actions, and damages arising out of or resulting from such unauthorized reuse or distribution.



Irvine
San Diego
Ontario
Los Angeles

CLIENT:

CITY OF BREA

By: _____

(Signature)

Title: _____

Date: _____

CONSULTANT:

FUSCOE ENGINEERING, INC.

By: _____

(Signature)

Title: _____

Date: _____

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City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members

FROM: Bill Gallardo

DATE: 09/14/2021

SUBJECT: Resolution Designating a Banking Administrator; Authorizing Bank Signers on Behalf of the City of Brea; and Solidifying Certain Payment Processes

RECOMMENDATION

Approve the Resolution designating a Banking Administrator for the City Operating and Successor Agency bank accounts; authorizing bank signers on behalf of the City of Brea; and solidifying certain payment processes.

BACKGROUND/DISCUSSION**Banking Administration**

California Government Code 53635.2 requires all money belonging to or in the custody of a local agency to be deposited for safekeeping in state or national banks, public banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in this state selected by the treasurer or other official having legal custody of the money. Additionally, California Government Code 53679 states that money belonging to the local agency under the control of any of its officers or employees other than the treasurer shall be deposited as active or inactive deposits.

All funds collected by the City are ultimately in the custody and under the control of the Administrative Services Department. The Administrative Services Director (formerly Finance Director) has traditionally in his/her capacity acted as the City's banking administrator. The Administrative Services Director has and continues to authorize the opening/closing of bank/investment accounts on behalf the City; provide written instructions and sign agreements regarding the City's banking relationships; provide written instructions regarding individuals authorized to sign checks, reviews/authorizes wires or otherwise withdraw funds from the City's accounts and other day-to-day banking matters. The proposed resolution would officially designate the Administrative Services Director as the City's Banking Administrator.

Authorized Signers

In conjunction, Ordinance No. 798 was adopted February 4, 1986. This Ordinance amended the Brea City Code relating to the form and contents of warrants and authorization for use of facsimile signature.

§ 2.00.050 AUTHORITY TO DRAW WARRANT; FORM AND CONTENTS.

B. All warrants, orders or checks upon the City treasury for the payment of any money shall be signed by either the Mayor or one of such members of the City Council as are authorized to so sign by minute motion of the City Council, and shall be countersigned by the City Treasurer, or, in his or her absence, by that person designated as the Assistant Treasurer by minute motion of the City Council. In every warrant, order or check so drawn shall be specified the name of the person to whom the same is payable, the date and amount thereof, the services or indebtedness for which it is to be issued and the fund out of which it is to be paid and shall be made payable to the person named therein or to his or her order. Any person required or authorized pursuant to this section to sign, or countersign, any warrant, order or check upon the City treasury may execute such warrant, order or check by means of a facsimile signature in lieu of his or her manual signature upon the filing and certification of such person's manual signature in accordance with the Uniform Facsimile Signature of Public Officials Act (Cal. Gov't Code §§ 5500 et seq.) as the same now exists or as may be amended from time to time. Whenever any warrant, order or check is for an amount payable in excess of \$10,000, the same shall, in addition to the signatures required or permitted hereinabove, be countersigned by the City Manager or Assistant City Manager, or such other official designated by resolution of the City Council manually and not through the use of a facsimile signature. ('61 Code, § 2.6) (Ord. 8, passed - - ; Am. Ord. 539, passed - - ; Am. Ord. 733, passed - - ; Am. Ord. 798, passed - -)

Within the 1986 revision, the implied authorized bank signers are the Mayor, Mayor Pro Tem, other members of the City Council, City Treasurer, City Manager, and Assistant City Manager. Over time and for operational purposes, the Administrative Services Director and Finance Managers were informally added as authorized signers of the City's bank accounts. It is the City's practice to affix a facsimile of the Mayor and City Treasurer to all checks issued and countersigned by the City Manager, Assistant City Manager, Administrative Services Director or Finance Manager, as required. The proposed resolution would officially authorize the following signers by title for the City's General Operating and Successor Agency to the Brea Redevelopment Agency bank accounts:

- Mayor
- Mayor Pro Tem
- Council Member
- City Treasurer
- City Manager
- Assistant City Manager
- Administrative Services Director (added)
- Financial Services Manager - Revenue (added)

Annually, the City Council reorganizes. Reorganization of the City Council renders obsolete the authorization of the former Mayor and City Treasurer to draw checks/payments on City bank accounts. Annually, new signature cards are submitted to the City's banking institution by the Administrative Services Director, as Banking Administrator for all City banking accounts. To avoid the adoption of a Resolution each time a reorganization occurs, it is recommended that the Reorganization action minutes officially serve as the minute motion of the City Council to make the needed changes. Again, this action is solidifying staff's current practice.

Also, it is necessary to clarify that a change in staff (City Manager, Assistant City Manager, Administrative Services Director and Financial Services Manager - Revenue) would not require formal adoption by the City Council. Such changes in persons, not titles, should be

handled administratively.

Payment Approvals/Processing

Furthermore, certain payment processes are needed to be solidified. As noted, checks issued by the City shall require two signatures (facsimile is allowed) from authorized officers identified and payments in excess of \$10,000 require a third wet signature. Payments between \$10,000 and \$100,000 can be countersigned by wet signature by any other authorized signer. As requested by City Council, payment requests in excess of \$100,000 require a wet signature from both the City Manager and the Administrative Services Director. Also, the actual payments must be signed by the City Manager or the Administrative Services Director. In their immediate absence, both the City Manager and Administrative Services Director can appoint a temporary designee. In addition, payment requests in excess of \$500,000 require authorization/confirmation by signature from a member of the City Council. This authorization/confirmation is located on the supporting document, not on the physical payment. As an added review, the City Treasurer is provided information on all payments in excess of \$100,000. A wet signature is not required, but staff retains the electronic approval for such payments.

Staff requests the exception to this rule be for transfers made to and from the City and/or Success Agency's Local Agency Investment Fund (LAIF) accounts. Although by nature this is an investment, LAIF accounts serve as a savings account to draw from or deposit to when balances in the City's checking accounts are below or exceed comfortable limits. Transfers (both withdraws and deposits) tend to exceed \$500,000. Cash determination is performed weekly; however, it can be cumbersome to seek the required authorization in a timely manner to make the necessary LAIF and banking wire transfer deadlines.

The recommended changes do not change the Brea Municipal Code or staff processes with the exception of transfers to and from LAIF. Rather, they are intended to strengthen the language and provide more specific direction for staff. Facsimile signature, when needed, is still permissible and is provided as a means of efficiency. In addition, these changes solidify most of the processes that are already in practice.

SUMMARY/FISCAL IMPACT

There is no fiscal impact.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Faith Madrazo, Financial Services Manager - Revenue

Concurrence: Cindy Russell, Administrative Services Director

Attachments

Resolution

RESOLUTION NO. 2021 -

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA, CALIFORNIA, ASSIGNING THE ADMINISTRATIVE SERVICES DIRECTOR AS THE BANKING ADMINISTRATOR; AUTHORIZING BANKING SIGNATURES FOR THE CITY OF BREA'S GENERAL OPERATING AND SUCCESSOR AGENCY BANKING ACCOUNTS; AND SOLIDIFYING CERTAIN PAYMENT PROCESSES

A. RECITALS:

1. California Government Code 53635.2 requires all money belonging to or in the custody of a local agency to be deposited for safekeeping in state or national banks, public banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in this state selected by the treasurer or other official having legal custody of the money.
2. California Government Code 53679 states that money belonging to the local agency under control the control of any of its officers or employees other than the treasurer shall be deposited as active or inactive deposits.
3. All monies belonging to the City are in the custody and under the control of the Administrative Services Department and the Administrative Services Director as the administrator of the accounts to which these funds are deposited for safekeeping.
4. This City Council desires to add additional review and wishes to solidify the authorizations required for payment requests and actual payments of \$100,000 or greater.

B. RESOLUTION:

NOW, THEREFORE, be it resolved by the City Council of the City of Brea as follows:

1. The City's Administrative Services Director is designated as the City's Banking Administrator and is authorized, on behalf of the City to conduct contracting requirements relating to the deposit, safeguarding and withdrawal of City monies, which include:
 - Establish bank accounts and services.
 - Sign, or change in writing, agreement with the banks regarding the City's bank deposit relationship.
 - Specify in writing to the bank the name of individuals who are authorized in the name of and on behalf of the City to:
 - Withdraw funds from any of the City's banking accounts on the City's checks or orders.
 - Endorse and deliver to the bank, for any purposes, and in any amount, negotiable or non-negotiable items of any kind, and owned by, or held by, or payable to the City.

- Send, review and/or authorize wire and electronic transfers of funds from the City accounts subject to the authorization provided by this resolution.
 - Otherwise access the City's deposit accounts.
- Administer all day-to-day banking activities

2. The City officials holding the titles specified below are hereby authorized to draw checks on said deposit accounts of the City of Brea and on file at depositories. Depositories are hereby authorized to honor and pay any and all checks so signed by:

Mayor, Mayor Pro Tem, Council Member, City Treasurer, City Manager, Assistant City Manager, Administrative Services Director, and Financial Services Manager - Revenue.

3. This authority shall continue until such time as it shall be revoked by the City Council. Reorganization action minutes shall serve as the minute motion to changes in banking signatories as a result of City Council Reorganization. Changes in banking signatories as a result of staff changes shall be handled administratively.

4. Actual payments between \$10,000 and \$100,000 be approved by wet signature by any authorized banking signatory.

5. Payment requests made in excess of \$100,000 with the exception of transfers to and from the Local Agency Investment Funds be approved by wet signature by the City Manager and Administrative Services Director and the actual payment be signed by either or their designees.

6. Payment requests made in excess of \$500,000 be approved by wet signature by a City Council Member based on supporting documentation with the exception of transfers to and from the Local Agency Investment Fund (LAIF) accounts.

APPROVED AND ADOPTED this 17th day of September, 2021.

Mayor

ATTEST: _____
City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea, held on the 17th day of September, 2021 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

DATED: _____

City Clerk

City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members

FROM: Bill Gallardo

DATE: 09/14/2021

SUBJECT: Award of Professional Services Agreement to NewGen Strategies & Solutions, LLC for Water and Wastewater User Rate and Impact Fee Studies

RECOMMENDATION

1. Approve an agreement with NewGen Strategies & Solutions, LLC for Water and Wastewater User Rate and Impact Fee Studies; and
2. Authorize the City Manager to execute and administer said agreement.

BACKGROUND/DISCUSSION

Brea's Water System

Brea's water system service area includes the City of Brea, with a population of more than 45,600. Growth from development within the City limits as well as from annexation of underdeveloped property, is expected to increase the water demand with a projected population growth to approximately 49,250 by 2030. Brea has roughly 212 miles of potable water pipeline, seven storage reservoirs (67.5 million gallons storage capacity), five booster stations, 94 pressure reducing stations, six supply connections serving 13,437 customers and delivered more than 10 acre-feet of water in Fiscal Year 2020-21. But for a very small amount of well water used for golf course/park irrigation, Brea imports 100% of its water and receives wholesale treated water from California Domestic Water Company and from the Metropolitan Water District.

Brea's Water Rates

Brea's last completed water rate study was performed in 2015. The current rate structure was adopted on February 16, 2016. Due to Council foresight and staff support, water rates have not increased since July 1, 2017. Brea has been able to keep rates flat due to strategic bond refinancing, as well as purchasing water rights. Also, forthcoming will be the need to pass a resolution that will enable Brea to pass through water rate increases from Brea's wholesale distributors. Lastly, it is staff's intent to address drought rate alternatives in this study. The anticipated (or lack of) rainfall for the upcoming winter/spring season will play a crucial role in the City's water rates. Staff will most likely request the City Council to adopt water rates based on our current usage levels as well as drought rate alternatives that could be implemented so the water financial plan can easily adjust to drought conditions and conservation mandates.

Brea's Sewer Rates

The last completed sewer rate study was conducted in 2006. The adopted resolution allowed for annual CPI (Consumer Price Index) adjustments. CPI increases have been applied consistently since the adoption of these rates. A Sewer Master Plan study has been recently conducted and Public Works Staff plans to have this adopted by the City Council in November 2021. This document identifies the need for ongoing maintenance of the City's existing sewer infrastructure, thus, there is a need to include the costs as part of the updated sewer rates.

Water and Sewer Impact Fees

The City's last Water Impact Fee Study was performed in December 2002 by Boyle Engineering. Water Impact Fees are typically paid by developers that are adding to the City's water infrastructure. The adopted 2003 resolution allowed for annual CCI (Construction Cost Index) adjustments. CCI increases have been applied consistently since the adoption of these rates. Since it has been several years since these fees were reviewed, it is important to ensure that new developments are paying their fair share. Brea does not currently have a Sewer Impact Fee and based on the recently completed Sewer Master Plan, it appears that Sewer Impact Fees are not required. However, the NewGen study will review and verify this information.

Request for Proposal to Provide Water, Wastewater, Storm and Surface Drainage, Solid Waste and Street Sweeping Rates and Development Impact Fees Study

On May 10, 2021, the City of Brea requested proposals from qualified consultants to conduct a comprehensive Water, Wastewater, Storm and Surface Drainage, Solid Waste and Street Sweeping Rates and Development Impact Fees Study. The City received three (3) proposals on June 14, 2021 and all three (3) firms were invited to present their proposal and respond to questions from a selection committee comprised of Administrative Services and Public Works staff. The initial intent was to have all six (6) of the studies performed simultaneously to gain efficiency, but staff realized the Storm and Surface Drainage, Solid Waste and Street Sweeping Rates are not ready to be reviewed based upon current studies and/or contracts that are occurring. Staff informed the proposers that the City will not be pursuing these studies at this time. However, when ready, staff will reach out and allow the proposers to adjust their numbers, if needed. Staff realizes that the proposed rates may have factored in economies of scales. For the purposes of this report, only the applicable fees (Water, Wastewater, and Impact Fees) related to this specific contract will be discussed.

Selection of NewGen Strategies & Solution, LLC

As mentioned, three (3) qualified firms responded: NBS Government Finance Group (NBS), NewGen Strategies & Solutions (NewGen), and Raftelis Financial Consultants, Inc. (Raftelis).

	NBS	NewGen	Raftelis
Water/Sewer Studies	\$65,950	\$50,620	\$57,821
Impact Fees	\$21,400	Included	\$15,795
Out of Pocket Expenses	No mention	\$4,000	\$6,997
Proposition 218 Notice	Included	\$3,570	\$2,760
Total	\$87,350	\$58,190	\$83,373
Additonal Public Outreach			\$23,244

NewGen submitted the lowest responsible proposal. After each proposer met with the selection committee, Administrative Services staff followed up with additional questions for all three (3) of the proposers and felt that NewGen was the most responsive. The selection team also felt that proposed NewGen Team is more compatible with the Brea Team and that NewGen could perform the more narrowed scope of studies. Lastly, the team recognized that it would be beneficial for another firm to review the City Water and Sewer rates. Raftelis has provided the City with its last two (2) water rate studies. Staff then followed up with NewGen's references and confirmed that NewGen stayed consistent with their contracted prices unless the client requested additional services. All references had no concerns with deliverables from the NewGen Team (formally MFSG). The NewGen Team that is being proposed for Brea has a favorable track record with past clients. Finance staff were also impressed with the rate models that will be provided to City. All references noted their satisfaction and ease of use of the rate models.

Additional Services

Staff requested that each proposer clarify their response to the following:

1. Does your proposed fee include drought rates?
2. Should the City Council request additional meetings than what was proposed initially.
What is the per meeting cost?
3. Does your proposed fee include drafting of the Proposition 218 hearing notice? If not, please provide the cost.

The responses to the above questions were as follows:

	NBS	New Gen	Raftelis
Drought Rate Options	\$2,900	Included	Included
Additional In-Person Meeting	\$3,750	\$3,250	\$1,435-\$4,488
Prop. 218 Notice Preparation (per notice)	Included	\$3,570	\$2,883

City Water Usage

The topic of City water usage has come up in a number of budget meetings. City water usage is related to water used at City facilities, parks, fire hydrants, etc. The adopted water rates do not directly charge rate payers for City used water. In other words, the current rates are set based upon total system consumption; however, City water usage ultimately affects cash reserves. As indicated to City Council in the past, the City's water/sewer operation does not pay for certain costs that might otherwise be incurred if the water/sewer services was a separate entity from the City. These include costs such as the use of land owned by the City for water/sewer facilities (reservoirs, pump stations, etc.), use of City streets or business space to accommodate utility billing and public works staff and equipment. Staff requested NewGen to provide a quote to identify and document these costs. The cost of this City Demand Fee Study is \$10,800.

Contracted Cost

The value of the proposed contract is \$70,482. This includes the Water, Wastewater User Rate and Water Impact Fees Studies (\$54,620) which is also inclusive of certain out-of-pocket expenses of (\$4,000). Staff is requesting a 10% contingency (\$5,062) of the base contract - \$50,620. This contingency could be used for additional information requested by staff or City Council. Please note any additional staff or City Council meeting requests beyond what was quoted (three remote and four in person meetings) will be charged at \$3,250 per meeting. Lastly, at the option of City Council, NewGen will perform the City Demand Fee Study for \$10,800.

Next Steps

After this contract has been finalized, staff, along with NewGen will establish a goal setting/prioritization meeting with the City Council. Some of the topics that will be covered at this meeting are Pricing Objectives, Industry-wide Issues, Cost of Service Processes, Methodology, Project Timeline, etc. This meeting is currently scheduled for Tuesday, October 19, 2021. In addition, staff plans to conduct a Citizens Outreach for interested parties as an educational and informational forum. This outreach is intended to be conducted on Thursday, November 4. This forum will be facilitated by City staff; however, the rate consultant will be available to provide additional feedback and information.

SUMMARY/FISCAL IMPACT

Funding for this agreement will come from the Water Utility Fund (420) and the Sewer Utility Fund (430). The cost of this study was included in the Fiscal Year 2021-22 Budget. It is anticipated that no additional appropriation will be needed.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Faith Madrazo, Financial Services Manager - Revenue

Concurrence: Cindy Russell, Administrative Services Director

Attachments

Professional Service Agreement

Contract # 2021.05.10.001
PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is dated **August 17, 2021** for reference purposes and is executed by the City of Brea, a California municipal corporation ("City"), and **NewGen Strategies and Solutions, LLC a Limited Liability Co.** ("Consultant").

RECITALS

- A. City desires to retain Consultant as an independent contractor to provide the following professional services: **Utility Rates and Impact Fees Study**.
- B. Consultant represents that it is duly licensed, fully authorized by law, and has the necessary experience and qualifications, to provide such services.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1. Scope of Services.

Consultant shall perform the services referenced in the Recitals and more specifically described in the Scope of Services set forth in the attached Exhibit A, and as otherwise required by this Agreement, all to City's satisfaction (collectively, "Services").

2. Compensation.

A. City shall pay for the Services satisfactorily performed, in accordance with the Fee Schedule set forth in the attached Attachment 1 to Exhibit A.

B. In no event shall the total amount paid for the Services exceed the all-inclusive sum of **\$65,420.00** ("Contract Amount"). This amount covers and is inclusive of all labor, materials, and any and all other costs incurred by Consultant in performing the Services. Consultant shall be deemed to have made all inquiries and site inspections deemed necessary by Consultant prior to execution of this Agreement.

C. Unless the Fee Schedule calls for payment of a one-time flat fee, periodic payments for undisputed work shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Consultant's invoices shall indicate the amount of time spent on each task and the applicable rate.

D. Unless the Fee Schedule calls for payment on a different schedule, Consultant shall invoice City on a monthly basis.

3. Contingency Work.

The parties may agree on contingency work to be provided as part of the Services. A written amendment to this Agreement shall be executed for contingency work that increases the Contract Amount by more than **\$5,062.00**. The **City Manager, or designee**, is authorized to approve, in writing, contingency work that is below the

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foregoing limit. Consultant's monthly invoice shall include a detailed description of any approved, contingency work. Any work performed by Consultant without a written amendment or approval of the **City Manager, or designee**, shall be deemed to be work included within the Services.

4. Term.

The term of this Agreement shall commence on **the date shown in the City-provided notice to proceed** ("Effective Date"). Unless extended or earlier terminated as provided herein, this Agreement shall expire **upon satisfactory completion of the Services**.

5. Time of Performance.

A. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established and agreed upon schedules and deadlines agreed upon in writing. Consultant shall commence performance within two business days of receiving City's written notice to proceed.

B. Force Majeure. Neither party shall be considered in default of this Agreement for delays in performance caused by a force majeure event. As used in this Agreement, the term "force majeure event" means circumstances beyond the reasonable control of the non-performing party and includes the following: abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage; or judicial restraint. Consultant's lack of financial capability, shall not constitute a force majeure event unless directly attributable to any of the foregoing events.

C. Should a force majeure event occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

6. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to the Services, including costs incurred, shall be maintained by Consultant and made available for review by City at all reasonable times during the term of this Agreement and for four (4) years from the date of final payment by City.

7. Standard of Care.

Consultant's Services shall be performed in accordance with the generally accepted professional standards of practice and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently performing similar services under similar conditions. Consultant shall maintain all professional licenses and certifications required to lawfully perform the Services.

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8. Compliance with Law.

A. Consultant shall comply with all applicable laws including Cal/OSHA requirements.

B. Consultant shall obtain a City of Brea business license.

9. Assignment and Subcontracting.

A. Consultant shall not assign or transfer this Agreement or any rights or obligations under, or any interest in this Agreement, or subcontract any required performance hereunder, without the prior written consent of City, which may be withheld for any reason. City shall be deemed to have approved Consultant's utilization of subcontractors identified in Consultant's proposal for the Services.

B. Any attempt to so assign, transfer, or subcontract without City's prior written consent shall be void and shall constitute grounds for City's termination of this Agreement. Authorized subcontracts shall contain a provision making the subcontractor subject to all requirements of this Agreement.

C. If use of a subcontractor is approved, then City may withhold 5% of each monthly payment to Consultant. Such retention shall be released upon City's receipt of an unconditional release of all claims signed by any such subcontractor, as to work performed to date.

10. Independent Contractor.

A. Consultant is retained as an independent contractor and is not an employee of City. No employee or agent of Consultant is or shall become an employee of City.

B. Consultant will determine the means, methods, and details by which Consultant's personnel will perform the Services. Consultant shall be solely responsible for the satisfactory work performance of all personnel engaged in performing the Services and compliance with the customary professional standards.

C. Consultant's personnel shall not wear or display any City uniform, badge, identification number, or other information identifying such individual as an employee of City. Consultant's personnel shall not use any City e-mail address or City telephone number in the performance of the Services. Consultant shall acquire and maintain at its sole cost and expense such vehicles, equipment and supplies as Consultant's personnel require to perform the Services. Consultant shall perform the Services off of City premises at locations of Consultant's choice, except as otherwise may from time to time be necessary in order for Consultant's personnel to receive projects from City, review plans on file at City, pick up or deliver any work product, or as may be necessary to inspect or visit City locations. City may make a computer available to Consultant from time to time for Consultant's personnel to obtain information about or to check on the status of projects pertaining to the Services.

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D. Consultant shall be responsible for and pay all wages, salaries, benefits and other amounts due to Consultant's personnel in connection with the Services. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including Social Security taxes, other retirement or pension benefits, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Consultant and its officers, employees, agents, and subcontractors shall not become entitled to, and hereby waive any claims to, any wages, salaries, compensation, benefit or any incident of employment by City, including eligibility to enroll in, or reinstate to membership in, the California Public Employees Retirement System ("PERS") or any other retirement program, as an employee of City, and entitlement to any contribution to be paid by City for employer contributions or employee contributions for PERS benefits or any other retirement benefits.

11. PERS Compliance.

The parties acknowledge that City is a local agency member of PERS, and as such has certain pension reporting and contribution obligations to PERS on behalf of qualifying employees. Consultant agrees that, in providing its employees and any other personnel to City to perform the Services, Consultant shall assure compliance with the Public Employees' Retirement Law (Government Code Section 20000 et seq.), the regulations of PERS, and the Public Employees' Pension Reform Act of 2013 (Government Code Section 7522 et seq.). Without limitation to the foregoing, Consultant shall assure compliance with regard to personnel who have active or inactive membership in PERS and to those who are retired annuitants and in performing this Agreement shall not assign or utilize any of its personnel in a manner that will cause City to be in violation of the applicable retirement laws and regulations.

12. Insurance.

Unless otherwise permitted or waived in writing by City's Risk Manager, Consultant shall not commence work until it has secured all insurance required under this section and provided evidence thereof that is acceptable to City. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

A. Commercial General Liability

i. Consultant shall take out and maintain, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to City.

ii. Coverage for Commercial General Liability insurance shall be at least as broad as the following:

a. Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

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iii. Commercial General Liability Insurance must include coverage for the following:

- a. Bodily Injury and Property Damage
- b. Personal Injury/Advertising Injury
- c. Premises/Operations Liability
- d. Products/Completed Operations Liability
- e. Aggregate Limits that Apply per Project
- f. Contractual Liability with respect to this Agreement
- g. Broad Form Property Damage
- h. Independent Consultants Coverage

iv. The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to this Agreement.

v. The policy shall be endorsed to name City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials, as additional insureds using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

vi. The general liability coverage may utilize deductibles or provide coverage excess of a self-insured retention, only if approved by City's Risk Manager in writing, and further provided that such deductibles shall not apply to coverage of the additional insureds.

B. Automobile Liability

i. Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to City.

ii. Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

iii. The policy shall be endorsed to name City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials, as additional insureds.

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iv. Subject to City's written approval, the automobile liability coverage may utilize deductibles or provide coverage excess of a self-insured retention, provided that such deductibles shall not apply to coverage of the additional insureds.

C. Workers' Compensation/Employer's Liability

i. Consultant certifies that Consultant is aware of the provisions of Labor Code Section 3700 which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she/it will comply with such provisions before commencing work under this Agreement.

ii. Consultant shall maintain full compensation insurance for its employees in accordance with the Workers' Compensation and Insurance Act (Labor Code Section 3200 et seq.) and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subcontractors to obtain and maintain workers' compensation coverage of the same type and limits as specified in this section.

D. Professional Liability (Errors and Omissions)

Consultant shall maintain professional liability or errors and omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to City and with the limits required herein. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy coverage form specifically designed to protect against acts, errors or omissions of Consultant in the performance of professional services. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

E. Cyber Liability

If Cyber Liability is included in the Minimum Policy Limits Required below, then Consultant shall maintain cyber liability insurance providing protection against claims and liabilities arising from: (i) errors and omissions in connection with maintaining security of City Data (as defined below); (ii) data breach including theft, destruction, and/or unauthorized use of City Data; (iii) identity theft including bank charges assessed; and (iv) violation of privacy rights due to a breach of City Data.

F. Minimum Policy Limits Required

i. A.M. Best's Rating

Each policy of insurance required herein shall be from a company or companies having a current A.M. Best's rating of no less than A:VII and admitted and authorized to transact the business of insurance in the State of California.

ii. The following insurance limits are required for this Agreement:

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If <input checked="" type="checkbox"/> , then required	<u>Combined Single Limit</u>
<input checked="" type="checkbox"/> Commercial General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate for bodily injury, personal injury, and property damage
<input checked="" type="checkbox"/> Automobile Liability	\$2,000,000 per occurrence (any auto) for bodily injury and property damage
<input checked="" type="checkbox"/> Workers' Compensation	In the amount required by California law
<input checked="" type="checkbox"/> Employer's Liability	\$1,000,000 per occurrence
<input checked="" type="checkbox"/> Professional Liability	\$2,000,000 per claim and aggregate (errors and omissions)
<input type="checkbox"/> Cyber Liability	\$2,000,000 per occurrence

iii. Defense costs shall be payable in addition to the limits.

iv. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as additional insured pursuant to this Agreement.

G. Proof of Insurance

Within five days of execution of this Agreement, but prior to commencement of the Services, Consultant shall file with City evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

H. Policy Provisions Required

i. Consultant shall provide City at least 30 days prior written notice of cancellation of any policy required by this Agreement, except that Consultant shall provide at least 10 days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, Consultant shall deliver renewal certificate(s) including the required additional insured endorsement to City at least 10 days prior to the effective date of cancellation or expiration.

ii. The Commercial General Liability Policy and Automobile Liability Policy shall each contain a provision stating that Consultant's policy is primary insurance

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and that any insurance, self-insurance or other coverage maintained by City or any additional insureds shall not be called upon to contribute to any loss.

iii. The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. If a "claims-made" professional liability policy is provided, it shall include an extended reporting period of not less than three years.

iv. All required insurance coverages, except for the professional and cyber liability coverage, shall contain or be endorsed to provide a waiver of subrogation in favor of City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials, or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subcontractors.

v. The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve Consultant from liability in excess of such coverage, nor shall it limit Consultant's indemnification obligations to City or preclude City from taking such other actions available to City under other provisions of this Agreement or law.

I. Additional Insurance Provisions

i. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of such insurance by City, are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Consultant pursuant to this Agreement, including the provisions concerning indemnification.

ii. If at any time during the term of this Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may terminate this Agreement for cause.

iii. City may require Consultant to provide for inspection by City, complete copies of all insurance policies in effect for the duration of the Agreement.

iv. No City official, officer, employee, agent or volunteer shall be personally responsible for any liability arising under or by virtue of this Agreement.

v. The insurance obligations under this Agreement shall be: (1) all the insurance coverage and/or limits carried by or available to Consultant; or (2) the minimum insurance coverage requirements and/or limits shown in this Agreement; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required

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coverage and/or minimum required limits, which are applicable to a given loss, shall be available to City. No representation is made that the minimum insurance requirements of this Agreement are sufficient to cover the obligations of Consultant under this Agreement.

J. Subcontractor Insurance Requirements

Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to City that it has secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors shall be endorsed to name City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials as additional insureds, using ISO form CG 20 38 04 13 or an endorsement providing the same coverage. If requested by Consultant, City may approve different scopes or minimum limits of insurance for particular subcontractors.

13. Indemnification.

A. Other than in the performance of professional services, and to the fullest extent permitted by law, Consultant shall defend (with counsel reasonably approved by City), indemnify and hold City, its officials, officers, attorneys, agents, employees, servants, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees") free and harmless with respect to any and all claims, demands, causes of action, costs, expenses, liabilities, losses, damages, stop notices and/or injury of any kind, in law or equity, to property or persons, including bodily injury, wrongful death, personal injury and property damage, and destruction, or unauthorized access to, use, and/or theft of City Data (collectively, "Claims") in any manner and to the extent arising out of, pertaining to, or incidental to any act, error, omission, or willful misconduct of Consultant, its owners, officials, officers, employees, servants, subcontractors, consultants or agents (and/or any entity or individual for whom Consultant shall bear legal liability) in connection with the performance of the Services including the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses actually incurred in connection with such defense. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, or by City or any of the other Indemnitees. Consultant shall have no liability hereunder for claims and liabilities arising out of the sole, active negligence of any of the Indemnitees.

B. Professional Services. To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, protect, defend, hold harmless and indemnify the Indemnitees, from and against any and all Claims, whether actual, alleged or threatened, to the extent arising out of, pertaining to, or relating to, in whole or in part, the negligence, recklessness or willful misconduct of Consultant, and/or its officers, agents, servants, employees, subcontractors, contractors or their officers, agents, servants or employees (and/or any entity or individual for whom Consultant shall bear legal liability) in the performance of professional services under this Agreement. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Claims with counsel of

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the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs, actually incurred in connection with such defense.

C. Consultant's obligations under this Section shall survive the expiration or termination of this Agreement.

14. Laws and Venue.

This Agreement shall be interpreted in accordance with the laws of the State of California without regard for change of venue laws. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Orange, State of California. Consultant must comply with the claim procedures set forth in the Government Claims act (Government Code Section 810 et seq.) prior to filing any lawsuit against City.

15. Termination.

A. City may terminate any portion or all of the Services or this Agreement with or without cause by giving 10 days' written notice to Consultant. In such event, City shall be immediately given title to and possession of all Work Product (as defined) below and original field notes, drawings and specifications, written reports and all other documents produced or developed pursuant to this Agreement. Provided Consultant is not then in breach, City shall pay Consultant for any portion of the Services satisfactorily completed prior to termination. If termination occurs prior to completion of any specific task for which a payment request has not been received, the charge for Services performed shall be the reasonable value of such Services, based on an amount agreed to by the parties. City shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed Services, and shall not be entitled to damages or compensation resulting from such termination.

B. Consultant may terminate this Agreement only for cause and by serving written notice of termination to City, provided Consultant has first served City with a written notice of default and demand to cure, and City has failed to cure such default within 30 days of receipt of such notice.

16. Ownership of Work Product.

A. All draft and final reports, documents, and other written material, and any and all images, ideas, concepts, designs including website designs, source code, object code, electronic data and files, and/or other media whatsoever created or developed by Consultant in the performance of this Agreement (collectively, "Work Product") shall be considered to be "works made for hire" for the benefit of City. All Work Product and any and all intellectual property rights arising from their creation, including all copyrights and other proprietary rights, shall be and remain the property of City without restriction or limitation upon their use, duplication or dissemination by City upon final payment being made, provided that any such use shall be at City's sole risk. Consultant shall not obtain or attempt to obtain copyright protection as to any of the Work Product. Consultant agrees that the compensation set forth in Section 2 of this Agreement includes conveyance to

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City of ownership of all Work Product, including intellectual property rights, as provided in this Section 16.

B. Consultant hereby assigns to City all rights of ownership to the Work Product, including any and all related intellectual property and proprietary rights, that are not otherwise vested in City pursuant to subsection A above.

C. Consultant warrants and represents that it has secured all necessary licenses, consents or approvals necessary to the production of the Work Product, and that upon final payment or Consultant's default, City shall have full legal title to the Work Product, and full legal authority and the right to use and reproduce the Work Product for any purpose. Consultant shall defend, indemnify and hold City, and the other Indemnitees harmless from any and all losses, claims or liabilities in any way related to a claim that City's use of any of the Work Product violates federal, state or local laws, or any contractual provisions, or any rights or laws relating to trade names, licenses, franchises, copyrights, patents or other means of protecting intellectual property rights and/or interests in products, ideas or inventions. Consultant shall bear all costs arising from the use of patented, copyrighted, trade secret or trademarked documents, materials, equipment, devices or processes in connection with its provision of the Work Product produced under this Agreement. In the event the use of any of the Work Product or other deliverables hereunder by City is held to constitute an infringement and the use of any of the same is enjoined, Consultant, at its expense, shall: (a) secure for City the right to continue using the Work Product and other deliverables by suspension of any injunction, or by procuring a license or licenses for City; or (b) modify the Work Product and other deliverables so that they become non-infringing while remaining in compliance with the requirements of this Agreement. Consultant's obligations under this Section shall survive the expiration or termination of this Agreement.

17. Data Security.

A. As used in this Agreement, "City Data" means any and all information and data provided or made accessible, directly or indirectly, to Consultant by City, or otherwise acquired from City, in connection with Consultant's performance of the Services. Except where subject to a third party's intellectual property rights, any and all City Data is solely owned by City. Consultant is granted a limited, non-exclusive, and revocable license to use City Data solely as necessary to perform the Services. At no time shall Consultant use City Data for its own purposes, or sell, disclose or disseminate City Data, except as required by law or to provide the Services. At all times herein, Consultant shall protect and maintain the security of City Data using methods providing not less than the level of security Consultant uses for its own confidential data, and that otherwise comply with recognized industry data security standards applicable to similar kinds of governmental data and information.

B. To the extent any City Data consists of personal information as defined in Consumer Privacy Act (Civil Code Section 1798.100 et seq.), Consultant shall comply with that statute and with Civil Code Section 1798.82 including providing the required notifications in the event of any unauthorized access of personal information stored,

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maintained, accessed, used or transmitted by Consultant in connection with this Agreement. Notwithstanding the foregoing, Consultant shall within 24 hours notify the City Representative by telephone and in writing of any unauthorized access of City Data. Thereafter, Consultant shall render any assistance to City and law enforcement as necessary to ascertain the nature and extent of such unauthorized access.

C. Consultant shall not store City Data using cloud-based storage without City's prior, written consent, unless the use of such storage is clearly described in the Scope of Services. Where permitted herein, any and all cloud-based storage shall be on servers and other hardware located within the continental United States, and shall be in compliance with ISO/IEC 27001 - 27018, as applicable, unless otherwise agreed to in writing by the City Representative.

18. Party Representatives.

A. Consultant hereby designates **Edward J. Donahue III**, or such person's designee, as Consultant's Representative for this Agreement, unless and until written notice of a new representative acceptable to City is provided to City.

B. City hereby designates **Cindy Russell** or such person's designee, as the City Representative for this Agreement.

C. The foregoing representatives shall be authorized to provide consent where required herein, and to make other administrative decisions that will be binding on their respective party, except as otherwise specifically required herein.

19. Notices.

Any notices, invoices, or other documents related to this Agreement shall be deemed received on: (a) the day of delivery, if delivered by hand during the receiving party's regular business hours or by e-mail before or during the receiving party's regular business hours; (b) the business day after delivery, if delivered by e-mail after the receiving party's regular business hours; or (c) on the second business day following deposit in the United States mail, certified mail with return receipt requested and postage prepaid, to the addresses listed below, or to such other addresses as the parties may, from time to time, designate in writing.

City
City of Brea
1 Civic Center Circle
Brea, CA 92821

Cindy Russell
CindyR@ci.brea.ca.us
714.671.4418

Consultant
NewGen Strategies & Solutions, LLC
911-A Commerce Road
Annapolis, MD 21401

Eric Callocchia
ecallocchia@newgenstrategies.net ☐
443.951.4207

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20. Third Party Rights.

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than City and Consultant.

21. Conflicts of Interest.

A. Consultant covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services. Consultant certifies that no one who has or will have any financial interest under this Agreement is an officer or employee of City.

B. Consultant further covenants that, in the performance of this Agreement, no subcontractor or person having any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services shall be employed. Consultant has provided City with a list of all City-approved subcontractors and the key personnel for such subcontractors that are retained or to be retained by Consultant in connection with the performance of the Services, to assist City in affirming compliance with this Section.

C. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. If required, Consultant further agrees to file, or shall cause its employees or subcontractors to file, a Statement of Economic Interest with the City Clerk as required under state law in the performance of the Services. For breach or violation of this warranty, City shall have the right to terminate this Agreement without liability. No director, official, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

22. Severability.

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the provisions unenforceable, invalid or illegal.

23. Successors and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of the parties.

24. Non-Waiver.

None of the provisions of this Agreement shall be considered waived by either party, unless such waiver is specified in writing, and any such waiver shall be limited to that set of

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circumstances and not to any future circumstances unless another written waiver is executed.

25. Time of Essence.

Time is of the essence in each and every provision of this Agreement.

26. City's Right to Employ Other Consultants.

City reserves its right to employ other consultants to provide the Services or similar services.

27. Exhibits.

The attached **Exhibit A** is incorporated herein by reference. In the event of any conflict or inconsistency between the provisions of this Agreement and any Exhibit, the provisions of this Agreement shall govern. In the event of any conflict or inconsistency between the provisions of this Scope of Services and Specifications Requirements and the Consultant's Proposal set forth in the attached **Attachment 1 to Exhibit A**, the provisions of the Scope of Services and Specifications Requirements shall govern.

28. Entire Agreement.

This Agreement (including the attached Exhibits) represents the entire understanding of the parties as to the Services, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters. Each party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both parties. This is an integrated Agreement.

[SIGNATURES ON FOLLOWING PAGE]

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TO EXECUTE THIS AGREEMENT, the Parties have caused their authorized representatives to sign below. Digital Signatures are acceptable if they conform to all requirements of California Government Code Section 16.5.

NewGen Strategies and Solutions, LLC

By: _____
Edward Donahue
Director
edonahue@newgenstrategies.net

By: _____
Chris Ekrut
CFO
cekrut@newgenstrategies.net

Date Signed: _____
CORPs: Chairperson, President, Vice President;
LLCs: Manager

Date Signed: _____
CORPs: Secretary, Asst. Secretary, Chief Finance
Officer, Asst. Treasurer
LLCs: Manager

[Pursuant to California Corporations Code Section 313, both signature lines must be executed unless the signatory holds at least one of the offices designated on each line.]

[Pursuant to California Corporations Code Section 17703.01(d), both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]

City of Brea

Attest (if over \$25,000)

By: _____
Bill Gallardo
City Manager
BILLGA@ci.brea.ca.us

By: _____
Harris-Neal, Lillian
City Clerk
lillianhn@ci.brea.ca.us

Date Signed: _____

Date Signed: _____

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EXHIBIT A
Scope of Services and Specifications Requirements

1. Introduction.

A. General Information.

i. The City of Brea is located about thirty miles from Los Angeles in northeast Orange County and is at the juncture of three of California's most populous counties: Los Angeles, Riverside and San Bernardino. Within its twelve square miles, Brea's residential population is nearly 49,000 while its daytime population increases to about 120,000 as an employment, shopping, and entertainment hub.

ii. Brea is a full-service city that provides water, sewer, stormwater management, refuse and street sweeping services for its residents and businesses. Water; wastewater collection and transmission, stormwater management and street sweeping services are provided by the City's Public Works department and billed directly to residents and businesses. Sewer treatment is provided by the Orange County Sanitation District (OCSD) to residents and businesses through a property tax assessment which is separate from the City. The City provides solid waste services to its residents through an exclusive franchise agreement with a third-party waste hauler. Solid waste services are provided and billed directly to non-residential customers by the franchise hauler.

iii. The City's utilities requiring rate and/or impact fee analysis represent four enterprise fund operations and two impact fee funds.

iv. Water - Water Utility Enterprise Fund and Water Impact Fee Fund.

v. Wastewater (Sewer) – Sewer Utility Enterprise Fund.

vi. Stormwater Management – Urban Runoff Enterprise Fund and Drainage Construction Fund.

vii. Refuse and Street sweeping - Sanitation and Street Sweeping Fund.

B. Utility Rates.

i. Rates. The City desires to set rates annually for each utility on a "pay as you go basis" at a level that fully supports the total direct and indirect cost of service. The City also desires to identify all indirect costs, to the extent allowed, including City-wide overhead, use of non-utility property for utility operations and impacts to City streets and other infrastructure due to utility operations.

ii. Reserves. The City desires to maintain adequate reserves in each of the enterprise funds to protect these essential City functions. It is recommended these enterprise funds have a minimum operating or working capital reserve equal to

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three months (25%) of operating expenditures and a capital reserve equal to one-year of average capital expenditures.

iii. Bond Coverage. Rates must be set in an amount sufficient to meet any associated bond coverage tests.

iv. Long-term debt. The City prefers a “pay as you go” basis for the construction of capital improvements to the existing system. However, the use of long-term debt is also an acceptable financing mechanism for the construction of capital improvements, if needed and deemed appropriate by City Council; the annual debt service must be included in the current rate structure.

v. Compliance. Proposed rates and structures must be in conformance with California Constitution Article XIII D, Section 6 (commonly referred to as Proposition 218) and all other legal requirements. The City desires a certification and/or assurance from the consultant that the proposed utility rates comply with Proposition 218.

C. Water, Sewer and Storm Drain Construction Impact Fees.

i. Fee Updates. The City currently assesses development impact fees for Water and Storm Drain Construction (Drainage). The City desires to update these existing fees and develop a Sewer Impact Fee.

ii. Annual Increases. The City desires to includes an annual CPI or other index-based increase for inflation.

iii. Compliance. Proposed development impact fees comply with the Mitigation Fee Act (California Government Code Section 66000 et seq., also known as Assembly Bill 1600). The City desires a certification and/or assurance from the consultant that the proposed development impact fees comply with the Mitigation Fee Act.

2. Description of Project

A. Brea desires to obtain services from a well-qualified firm or firms to provide utility rates and/or developer impact fees study as detailed in the Scope of Services section below. While a single firm to provide all components of the project is preferred, the City recognizes that certain firms may have more expertise than others with certain utilities. The City welcomes all proposals whether for the entire project, or certain components.

B. The intent of the study as to user rates is to assess and evaluate the City's cost of service and update the City's rate structure based on the short and long-term financial needs of the City's utility operations. The proposed rate structure must meet each utility's ongoing operating expenditures, bond covenants, capital improvement needs, and operating and capital reserve policies.

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C. The intent of the study as to development impact fees is to assure that development and/or redevelopment resulting in increased demand pays its fair share of system facilities.

D. The study must follow accepted industry benchmarks and best practices, and be based on a comprehensive review of the City's water, sewer, stormwater, street sweeping and refuse enterprise funds' historical statements of revenue and expenses, current year (FY 2020-21) and upcoming (FY 2021-22) budgets, customer counts and classes, historical usage data, existing infrastructure, planned future growth and infrastructure expansion, and any other information deemed important.

E. The findings of the study shall provide the basis for utility rates and development impact fees for at least the next five years.

F. The City will provide the selected consultant with the data necessary to evaluate existing cost of service and rates and structures, and assign staff to work with the selected consultant throughout the duration of the project.

3. Scope of Services.

A. Study Elements.

i. The study, at a minimum, would include an evaluation of key information to prepare the Recommended Rate and Impact Fee Structures for the Preliminary and Final Reports, including but not limited to:

ii. Historical, current, and projected revenues, usage, expenses, reserve policies, billing and collection procedures, rates and charges, and customer information.

iii. Current operational and capital improvement needs, including the City's updated Water and Sewer Master Plans which are currently being updated.

iv. Indirect costs such as City-wide overhead, use of the non-enterprise fund properties and impact to City streets/road from utility operations.

v. Anticipated future development and its impact on system demand as well as the City's projected revenues.

vi. The effect of the City's conservation goals on projected revenues.

vii. Reserve levels for operating, capital replacement, cash flow, and for unforeseen events.

viii. Rates for all customer accounts, equity of rates among customers, and comparative rates of local and regional Orange County agencies of similar size.

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ix. Preparation of a user-friendly pro-forma rate model for each utility rate that meet the needs described herein.

a. All rate models should be presented in Microsoft Office Excel format and should project expenses, revenue requirements, and the resulting need for changes in utility rates for a period of at least five years, and must include inflationary adjustments.

b. The rate models' construction must be documented in a manner that allows the City to understand the formulas utilized, and how variables affect rate calculations. The selected rate model will become the property of the City and may be used by the City for any purpose.

c. Allow City staff to compare different "scenarios" and report on the results for future projections/recommendations.

d. Allow for varying degrees of fixed versus variable costs.

e. Provide means for capital improvement projects. Options should evaluate pay-as-you-go or bond financing as a means to provide for needed capital project investments.

f. Provide appropriate reserves and debt coverage. Revenues should sufficiently maintain reserve levels and debt service needs.

x. Study Elements not mentioned above, but normally would be required to provide a complete study consistent with industry practice for utility rate and development impact fee making in California.

B. Report Requirements

Summarize the Study Elements in the Recommended Rate and Development Impact Fee Structures for the Preliminary and Final reports:

i. Evaluation. Evaluate and document the review and assessment of the Study Elements including the pertinent historical, current, and near future factors which should provide the basis for Recommended Rate and Development Impact Fees Structures. Include an analysis of the strengths and weaknesses of the Study Elements.

ii. Methodology. Provide the to-be-utilized methodologies, assumptions, and explanations of why a particular methodology is consistent with law, is the best solution, how it will satisfy the requirements, and possible alternative methodologies based on the Study Elements and the Evaluation.

iii. Recommendations. Provide recommendations for future year's budgetary requirements including all costs to provide the services and funding sources for maintaining and improving services; Rates for all customers including adequacy of current rates and proposed rate changes, and other relevant recommendations that

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provide a complete set of recommendations based on the Evaluation and Methodologies. recommendations must incorporate:

- a. Regulations. Ensure that established and anticipated regulations and standards have been considered.
 - b. Impacts. Identify impacts that may affect the proposed recommendations and financial impacts on ratepayers.
 - c. Funding. Identify revenues, grants, and bonds that are appropriate to fund operating activities and infrastructure.
 - d. Reserves. Consider the type and amount of reserves appropriate to the City's operations taking into consideration reserves for cash flow, catastrophes, infrastructure replacement and other appropriate purposes.
 - e. Stability. Consider the stability of the revenue streams, and past and future depreciation and replacement of facilities.
 - f. Projections. Provide projections over the next five years and ten years.
 - g. Justifications. Ensure that the recommendations are fully justified and they can stand on their own merits to the scrutiny of experts, leadership, and the public.
 - h. Simplicity. Include easy to understand and easy to administer recommendations.
- iv. Preliminary Reports. Provide a preliminary report, which must include the study elements reviewed, evaluation of those elements, methodologies used, and recommendations for tentative rate structure. Provide professional electronic documents in an easy to read and understand format using Word, Excel, and PowerPoint.
 - v. Final Reports. Provide a final report, which must include the preliminary report requirements update based on the outcome from the Meeting Requirements below.
 - vi. Interim and Major Report Updates. Provide updated reports, as requested by Brea, based on changes that impact the then current rates.

C. Meeting and Presentation Requirements

- i. Meetings. Meet with City staff and City Council, as needed to discuss objectives, scope and strategies and participate in conference calls with City staff as needed. Staff anticipates up to five (5) public meetings, including a Public Engagement Workshop, up to three (3) City Council Study Sessions, and a final Public

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Hearing. Some of these meetings may be done remotely while others may require in-person meetings.

ii. Presentations. Make presentations to staff, leadership, City Council, and public as needed. Include audio and visual presentations along with oral narratives. Update presentations as needed based on input received from staff.

End of this Exhibit

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Attachment 1 to Exhibit A
CONSULTANT'S PROPOSAL AND FEE SCHEDULE
(attached)

City exceptions to the attached Consultant's Proposal and Fee Schedule are as follows: City has selected only the water, wastewater, and impact fee rate studies for the not-to-exceed amount of \$54,620 as shown in the Table 1 below plus a contingency amount not-to-exceed \$5,062 as the City Manager, or designee, approves in writing.

Table 1: Water and Wastewater Combined Rate Study Fees

Water and Wastewater Combined

It is common to conduct water and wastewater rate studies concurrently due to the highly efficient relationship of water and sewer user data. The following table for a combine water and wastewater rate study includes the same number of meetings as each individual study, i.e., four in-person meetings and three virtual meetings.

	Principal / Officer	Executive Consultant	Executive Consultant				
Water and Wastewater Rate Study	Donahue	Callocchia	Maker	Wright	Analyst	Hours	Total
Task 1 Revenue Requirements	4	8	4		20	36	\$ 6,820
Task 2 Cost of Service Study	4	4	4	4	20	36	\$ 6,680
Task 3 Financial Plan for the Capital Improvement Plan		4		4	20	28	\$ 4,360
Task 4 Recommended Service Rates		8		4	12	24	\$ 4,180
Task 5 Recommended Impact Fees		8	4	4	12	28	\$ 5,100
Task 6 Effectiveness of Forecasting Methods and Models	4	8	4	4	16	36	\$ 7,040
Task 7 Excel Model		8	4	12	16	40	\$ 7,160
Task 8 Reporting	8	24	0	0	8	40	\$ 9,280
Labor Hours	20	72	20	32	124	268	
Labor Cost	\$7,000	\$16,200	\$4,600	\$6,080	\$16,740		
					Labor Subtotal		\$50,620
					Out-of-Pocket Expenses		\$ 4,000
					Total Proposed Budget		\$54,620

City reserves the right to exercise the option for an alternative rate structure for the not-to-exceed amount of \$10,800 as provided in the Table 2 below.

Table 2: Alternative Rate Structure to Include City Demand Fees (option)

	Principal / Officer	Executive Consultant	Executive Consultant				
Alternative Rate Structure to Include City Demand	Donahue	Callocchia	Maker	Wright	Analyst	Hours	Total
Task 1 Incorporate City Demand Projections		8	2	8	12	30	\$ 5,400
Task 2 Develop Revenue Neutral Rate Projections		8	2	8	12	30	\$ 5,400
Labor Hours	0	16	4	16	24	60	
Labor Cost	\$0	\$3,600	\$920	\$3,040	\$3,240		
					Labor Subtotal		\$ 10,800
					Out-of-Pocket Expenses		\$ -
					Total Proposed Budget		\$ 10,800

PROPOSAL | June 14, 2021



RFP #2021.05.10.001

UTILITY RATES AND IMPACT FEE STUDY

CITY OF BREA, CALIFORNIA



PREPARED BY:

**NewGen
Strategies & Solutions**

911-A Commerce Road
Annapolis, MD 21401

ECONOMICS

STRATEGY

STAKEHOLDERS

SUSTAINABILITY

www.newgenstrategies.net

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911-A Commerce Road
Annapolis, MD 21401
Phone: (410) 266-9101

June 14, 2021

Mr. Neil H. Groom
Procurement Administrator
1 Civic Center Circle
3rd Floor
Brea, CA 92821

Subject: RFP #2021.05.10.001 - Utility Rates and Impact Fees Study

Dear Mr. Groom:

The City of Brea operates in a complex and ever-evolving environment and must provide services that are affordable, reliable, and sustainable. At the same time, the pace of change in the municipal utilities market is accelerating, directly impacting your ability to provide quality service to your citizens and residents. Navigating the challenges of balancing long-term infrastructure investment, maintaining customer satisfaction, and the sheer amount of data available to drive decision making is overwhelming. How do you optimize data analysis to identify and inform the best strategic approach to deliver the right programs, address stakeholder demands, and ensure public trust?

Understanding your community, your organization, and your data are the three essential elements to developing actionable strategies to sustain your future service. NewGen Strategies and Solutions, LLC (NewGen) believes that strategy dictates everything. Our approach incorporates your data, market, and community to provide an integrated view designed to allow you to make long-term decisions with confidence. We leverage innovative modeling technology and market expertise to solve your most complicated issues. We design strategies to ensure they are responsive, transparent, and reliable while paving the way for successful buy-in across all your stakeholders.

NewGen's personnel first worked in California forty years ago, with financial planning projects for San Francisco's wastewater program and in developing a financial turnaround plan for the El Dorado Irrigation District. While the enclosure to this letter sets forth our project approach, experience, qualifications and schedule, there are a few key points we would like to stress:

- **Project Team** – We have assembled and will commit to the specific performance of a project team comprised of very experienced senior personnel who enjoy a national reputation for their expertise and common-sense advice. We are experienced with local governments that serve a diverse constituency. We have extensive experience with and current knowledge of laws and regulations affecting municipal utilities in California. Our project manager is a member of the AWWA Rates and Charges Committee and is currently working on a major assignment for the San Diego County Water Authority. Our technical advisor is nationally recognized expert in the provision of self-supporting utilities and programs and related management issues with almost 50 years of experience who has authored several foundational manuals and textbooks. Our financial analysts and modeling specialists use industry leading techniques to produce understandable results from complex datasets.

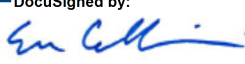
Mr. Neil Groom
June 14, 2021


- **Operational Insights** – NewGen makes data operational resulting in actionable decisions with defensible results. We harness existing and untapped data to optimize operations, develop demand management strategies, estimate the impacts of capital investments, and identify the rational nexus underlying rate structure decisions. NewGen has helped our clients recover costs, improve service delivery, and respond to changing market conditions.
- **Stakeholder Communication** – NewGen simplifies complex concepts by combining visual tools and our training expertise to ensure that clients gain a deep understanding of how the issues and underlying data drive our recommendations and scenarios. This directly impacts the evaluation of the scenarios we present, streamlines decision making, and successfully obtains buy-in from elected officials, advisory committees, regulatory bodies, utility senior management, and utility customers.
- **Demonstrated Performance** – The issues being faced by the City are like those being faced by NewGen's clients across the country and in the State of California. NewGen's project team members have successfully completed projects similar to the City's requested services for other California clients.
- **Client Endorsements** – We understand the key issues and challenges facing the City. We have included several references in our proposal and strongly encourage the City to contact them to learn more about our firm and specific project team members.



Our proposal is a firm and irrevocable offer for a period of 90 days from the date of this letter. We look forward to working with you on this important and interesting study. Please contact me on my direct line at (443) 951-4207, or by e-mail ecallocchia@newgenstrategies.net if you would like to discuss our project team and approach.

Sincerely,
NewGen Strategies and Solutions, LLC

DocuSigned by:

C11651334F8F462...
Eric Callocchia
Executive Consultant

DocuSigned by:

C4BD09BEEF8641F...
Edward J. Donahue
Director

QUALIFICATIONS SECTION



FIRM BACKGROUND

NewGen Strategies and Solutions, LLC (NewGen) is a management and economic consulting firm specializing in providing financial and management advice to the public sector, especially utilities and other capital-intensive activities. NewGen's professional staff is comprised of nationally recognized experts in utility cost of service and rate design studies, depreciation and appraisals, organizational and performance management studies, litigation support for legal and regulatory proceedings, utility business and financial planning, and stakeholder engagement for municipal sewer, water, stormwater, solid waste, electric and natural gas utilities. NewGen was created by consultants who are dedicated to our client's mission and recognized as experts in our respective fields of service. Our assistance to the public sector is provided with a keen insight to navigate the uncertain market and the growing role of stakeholders, resource availability, cost of providing utility services, and economic conditions. This ensures an integrated approach to delivering our products and services. *"Thoughtful Decision Making for Uncertain Times"* succinctly describes our approach to client challenges, opportunities, and obstacles.

Our experience has been acquired while members and/or owners were at recognized national consulting groups such as R. W. Beck, Inc. (now SAIC and Leidos), Navigant Consulting, and Touche Ross & Co. (now Deloitte) and KPMG Peat Marwick (now KPMG), and regional practices such as Reed, Stowe & Yanke. Additionally, NewGen professionals come from the nationally recognized engineering firms of CDM Smith, Inc. and HDR Engineering, Inc. Individuals from NewGen provide the expertise gained from hundreds of COS and expert witness cases and filings supporting utility customers, regulatory staff, and utilities.

NewGen, a limited liability company, has experienced significant growth since our inception in 2012, driven by our market leading expertise in helping public utilities and dedication to our clients. Today, NewGen employs a staff of nearly 50 in nine cities across the country.



NEWGEN'S CORE COMPETENCIES

NewGen's core business is providing financial and management advice related to water, wastewater, stormwater, and solid waste infrastructure and operations. The specialized services we offer to our clients include:

- Cost of Service/Rate Studies
- System Development Charges/Capacity Fee Studies
- Operational Reviews/Management Audits
- Comparative Analyses/Benchmarking
- Financial Feasibility Studies
- Infrastructure Management/GASB 34
- Conservation Studies

In summary, NewGen is well versed and experienced in providing management and financial advice related to every aspect of municipal utility services.

EXPERIENCE

More than 90% of our work is in the municipal utility market; we have worked for hundreds of public agencies, from Alaska to the Florida Keys, from Maine to southern California. With a professional staff of more than fifty in eight offices across the country, we have worked for clients in more than thirty states. Appearing below are brief summaries of some of our relevant client work and references who can be contacted to confirm the value, timeliness, and quality of our work.

RECENT WORK IN CALIFORNIA

San Diego County Water Authority (via BHFS), CA - Expert Witness Analysis and Testimony (2016-Ongoing)

REFERENCE: Chris Frahm, Esq. | Shareholder, Brownstein Hyatt Farber Schreck | 619.702.6917

Over a multi-year period, NewGen, as MFSG, has provided various financial and technical analyses to this large wholesale water agency in a very significant dispute with the Metropolitan Water District of Southern California ("MWD") over the pricing of potable water and the pricing of wheeling services for SWP water moved through MWD's system on behalf of the San Diego County Water Authority (SDCWA). Among the key analysis / investigation topics for NewGen were:

- Compliance of MWD with water industry standards set forth in AWWA's Manual M-1 for developing revenue requirements and allocating costs to functions / services.
- MWD's derivation of its various rates and fees – tracing adopted rates to source documents and through cost-of-service allocations
- Reverse engineering of MWD's financial model
- Documentation of MWD's cost of service methodology
- Compliance with Proposition 26 as to inclusion of certain categories of costs or programs in MWD's rates / taxes
- Review and analysis of various reports and documents on behalf of SDCWA
- Preparation of interrogatories, and support for depositions



Our work on this series of related legal actions is ongoing, and to date SDCWA has been awarded judgments for damages and interest of more than \$230 million.

City of San Diego, CA – Electric and Gas Franchise Agreements Consultant (2019-2020)

REFERENCE: Mr. Lee Friedman | Program Manager | City of San Diego | 619.236.6980 | lfriedman@sandiego.gov

The City of San Diego's franchise agreements with San Diego Gas & Electric (SDG&E) to provide electric and gas utility services to customers in the City are due to expire in January 2021. The City is required by Charter to put the electric and gas franchises out for bid when the existing franchise agreements expire. NewGen was selected by the City to perform a study to evaluate the City's options with respect to the future franchise agreements, which includes the option for municipal ownership and operation of the electric and gas systems. NewGen is leading the project team which includes MRW & Associates and Advisian-Worley Group. Work began in October 2019 and is ongoing. Services provided include:

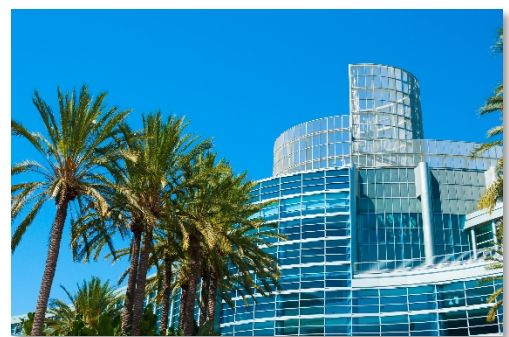


- Conduct a high-level valuation of existing electric and gas distribution utility infrastructure owned by SDG&E within the City.
- Develop a range of estimates around the capital costs associated with severing the electric and natural gas systems located within the City from the rest of SDG&E assets.
- Prepare a financial analysis and recommendations regarding purchase of the electric and gas distribution utility systems by the City, including departing load costs and prospective finance costs through bonds or other mechanisms, as an alternative to granting franchises.
- Perform a benchmarking study of the 20 most populous cities in California and five cities outside California to compare franchise fees for electric and gas services and assess best practices for setting franchise fees, including forms of incentives and enforcement mechanisms used by other cities.

Anaheim Public Utilities, CA – Cost Service and Rate Study (2014, 2016)

REFERENCE: Jason McBride, CPA | Strategic Planning Manager | Anaheim Public Utilities | 714.765.4435
jimcbride@anaheim.net

Members of the NewGen team provided cost of service (COS) and rate design services for Anaheim Public Utilities' (Anaheim) 2015 and 2017 rate studies. The studies were utilized to examine the appropriateness and revenue adequacy of Anaheim's retail rate structures and took into consideration the unique challenges the utility was facing. Like many utilities in California, Anaheim has several complex market, policy, resource, financial, stakeholder, and environmental issues that drive increasing costs and require additional flexibility and agility by the utility and rates. In addition, because of state specific concerns such as Assembly Bill 2951, Proposition 26, and Assembly Bill 327, the utility was also facing the highest renewable portfolio standards in the country. To evaluate these unique circumstances, the rate study model was designed to allow scenarios analysis to determine the effects on cost of service of various utility challenges. Study elements included the development and evaluation of the Revenue Requirement, Test Year, and customer cost allocations which were developed using Anaheim's advanced metering data. The utility adjusted rates proceeding both studies to better align rate recovery with cost-of-service results.



City of Concord, CA - Financial Plan and Rate Study for Wastewater Utility (2015, 2019)

REFERENCE: Justin Ezell | Director of Public Works | 925.671.3231
 Pedro Garcia | Senior Administrative Analyst | 925.671.3141
 Karan Reid, CPA | Director of Finance | 925.671.3192

This suburban community in the San Francisco Bay area owns and operates an extensive wastewater collection system that collects sewage from its own citizens as well as those of the adjacent City of Clayton and a small unincorporated area of Contra Costa County and delivers the waste to a regional agency for treatment and disposal. The regional costs for treatment are the largest single line item in the City's operating budget for its wastewater utility, accounting for approximately sixty percent of the utility's total O&M costs. In 2014, Concord engaged NewGen, as MFSG, after a competitive procurement to develop a long-term business plan and cost of service / rate study for its wastewater system. One of the focus areas of the study was the allocation methodology used by the regional treatment agency to apportion costs to Concord, as well as how Concord was reimbursed by outside-City customers. A principal focus was helping the City gradually but steadily increase its sewer rates significantly (10% - 15% per year for each of the following five years) to accumulate funds to pay for a portion of the anticipated \$150 million in BNR/ENR capital improvements anticipated by the regional treatment agency. We delivered a final report and recommendations, which were approved by the City Council. In the early fall of 2018, Concord once again engaged NewGen to enhance the financial planning model built in 2014 and to update rate and fee projections.



City of Milpitas, CA - Wastewater Cost of Service Study (2016)

REFERENCE: Tony Ndah, P.E. | Public Works Director | 408.586.2602 | tndah@ci.milpitas.ca

It had been more than three years since a formal cost of service / rate study has been performed for the City of Milpitas' sewer system, and major capital improvements had been made and will continue to be made. The City engaged NewGen, as MFSG, to perform an independent review of the sewer system's finances, with a focus on long-term sustainability, equitable treatment of the City's customers and compliance with legal and regulatory requirements, especially the evolving case law related to Proposition 218 and (to a lesser extent) Proposition 26. A spreadsheet financial model that can be used to review and adjust rates in the future was developed for the City. The focus areas of the study are:



- A comprehensive financial review of sewer and wastewater finances
- A comprehensive review of financial obligations related to O&M and CIP for the water pollution control plant
- Assessment of the City's current rate structure as baseline for considering alternative rate designs
- Assessment of rate design equity among the various customer classes
- Preparation of a comprehensive final report

The recommended cost allocations and projected rates were adopted unanimously by the City Council in early 2019.

EARLIER WORK IN CALIFORNIA

City of Fullerton, CA - Water and Sewer Rate Study and Cost of Service Study (2011-2013)

REFERENCE: David Schickling, P.E. | Assistant City Engineer (at the time; currently Director of Public Works, City of Whittier | 562.567.9500 | davids@cityofwhittier.org
Lorrie Lausten, P.E. | (currently) Chief Engineer, Trabuco Canyon Water District | 949.858.0277, X130 / llausten@tcwd.ca.gov

MFSG, now NewGen, was selected to develop a financial plan and comprehensive water rate study for the City of Fullerton. The water system serves a residential population of approximately 135,000 with a service area that includes the City and a limited area outside the City. The primary source of water supply for the City is groundwater pumped from the Orange County Lower Santa Ana River Groundwater Basin. Orange County Water District (OCWD) manages the groundwater basin. The City also currently purchases an average of about 38% of its water from the Metropolitan Water District of Southern California (MWD). MWD principal sources of water originate from the Colorado River and the State Water Project and are delivered from the Diemer Filtration plant in Yorba Linda.



The water rate study included development of a five year financial plan, a full cost of service analysis with cost allocations between the City's seven different customer classes and development of several alternative water rate structures with a focus on the fixed and variable portions of the structure. A key element of the study was the identification of the repair and replacement requirements facing the water system based on the age and condition of buried infrastructure. The project team developed a phased plan to address the City's aging water infrastructure that will provide necessary funds and limits the annual bill impact on City customers. The study was completed on schedule and within the agreed upon budget. As a related effort, we also reviewed and documented the basis for charging the enterprise funds for use of City rights-of-way and other services paid for via the General Fund, to comply with the cost justification requirements of Proposition 218. We subsequently updated Fullerton's sewer rates.

OTHER CLIENT PROJECTS

Washington Suburban Sanitary Commission – Performance Measurement Services and Analysis; Laurel, MD (2018)

REFERENCE: Martin Rookard | Director of Strategic Assessment | 301.206.8979 | martin.rookard@wsscwater.com
 Jaclyn Vincent | Chief of Staff | 301.206.8784 | jaclyn.vincent@wsscwater.com

The Washington Suburban Sanitary Commission (WSSC) provides water and sewer services to nearly 1.8 million residents of Maryland's Montgomery and Prince George's Counties, which border Washington, D.C. Established by the Maryland General Assembly in 1918 as a regional (bi-county) organization under Article 29 and later recodified into Division II of the Public Utilities Article of the Annotated Code of Maryland, the WSSC ranks among the 10 largest water and sewer utilities in the country encompassing a service area of nearly 1,000 square miles.



WSSC hired the project team led by NewGen (then MFSG), with 4Tenets Consulting, Utilities Information Management Group and PEER Consultants as subcontractors to assist with the implementation of a performance oversight and monitoring program within the Office of the General Manager to identify opportunities for process and operational improvements within critical functional areas. The program was set up to assess and analyze key performance indicators in specific operational areas within the utility and engage Commission staff and managers in a continuous effort to improve service delivery and operational effectiveness.

Currently in the second year of a two-year contract, the project team provides direct assistance to the Office of the General Manager and the Commission's executive staff in support of the implementation of WSSC's Stat Office. To date, the project team has led or participated in the following efforts:

- Review of WSSC's performance on street and paving restoration, in an effort designed to reduce customer complaints about failed street cuts.
- Cost review of water line rehabilitation activity performed by WSSC's internal System Enhancement Unit versus external contractors.
- Evaluation of property damage claims processing by the WSSC Claims Office, to identify opportunities to improve customer services, reduce risk and reduce WSSC's overall liability exposure.
- Review of overtime utilization across the Commission and identification of operational units and employees who use high levels of overtime.
- Operational review of the Utility Services Team, beginning with a focus on work order completion.
- Assessment of Customer Billing operations, initially focusing on reducing delinquencies, improving revenue collection, and improving the overall accuracy of the meter reading and billing functions.
- Development of new key performance indicators (KPI's) for all WSSC major operations.
- Creation of an internal survey of customer service to gauge customer satisfaction of WSSC's internal service operations.
- Technology training (Excel and GIS) for new employee within the WSSC Stat Office.
- Data management and technical support to the Office of the General Manager on major technology initiatives, such as the implementation of IssueTrak, WebFocus and CC&B.

- Operational review of the SLMBE (Small, Local and Minority Business Enterprises) Office requested by the WSSC's senior leadership and the SLMBE Director.
- Development of an economic benefit analysis for the Office of Communications to estimate the direct and indirect economic impact of WSSC's capital construction program on the local economies of Prince George's and Montgomery Counties.
- Assistance to the Fleet Management Division on the development of a cost-benefit analysis for automatic vehicle location (AVL) technology.

City of Cleveland, OH - Comprehensive Financial Plans for Divisions of Water and Water Pollution Control (2010, 2015)

REFERENCE: Catherine Troy | Controller | 216.664.2444 | catherine_troy@ClevelandWater.com

Alex Margevicius | Commissioner | 216.664.2444, X5500 | alex_margevicius@ClevelandWater.com

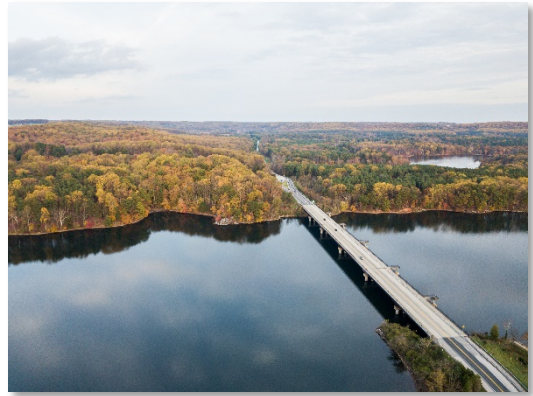
MFSG, now NewGen, was hired in 2009 by the City of Cleveland after a national competition to develop long-term business plans for the Division of Water (CWD) and Water Pollution Control (WPC) that included recommended rates on a year-by-year basis for five years. Cleveland provides retail water service to 410,000 customer accounts in the city and suburbs, as well as wholesale water service to more than 50 communities. The 2009 studies were comprehensive in nature, including financial plans and cost of service studies for CWD and WPC together with related studies including a system expansion opportunities study, un-metered water audit, affordability program assessment, development of a comprehensive demand model at census tract and ZIP code levels and public communications program. The study focused particularly on several key issues relevant to most municipal utilities, one of the most important being the continuing decline of per capita water consumption. Overall water usage had been declining on average by approximately 1% - 2% annually, even while the number of customers was increasing. Our analysis has revealed that this is often due to declining household size, which is more prevalent in older industrialized cities. In 2015, we were asked to update our 2009-2010 study to reflect subsequent events, including the installation of an AMR system that allowed the city to capture significant water use that was previously unbilled. We recommended updated water rates for the period 2016 – 2020, as well as more general financial planning for a major (\$400-\$500 million) program to repair and replace much of the city's water distribution and sewage collection lines, many of which are more than 70 years old.



Baltimore City and Baltimore County, MD – Water and Sewer Services Comprehensive Business Process Review (2020-2021)

REFERENCE: Tom Kiefer | Acting Director | Baltimore County DPW | 410.887.3788 | tkiefer@baltimorecountymd.gov
Matt Garbark | Acting Director | Baltimore City DPW | 410.396.3310 | matt.garbark@baltimorecity.gov

The City of Baltimore and Baltimore County have interconnected water and sewerage systems. Pursuant to a 1972 intergovernmental water agreement, the City provides water services to County customers, including distribution, treatment, metering, billing, collections, and customer service. Pursuant to a 1974 intergovernmental sewerage agreement, the City provides sewerage (treatment and conveyance) services to the County through the operations of “jointly used facilities”. The County maintains its own sanitary sewer collection system in what is known as the Metropolitan District.



The two agreements are central to the overall governance and coordination of the business, technical, and financial aspects between the City and the County. The City and County must continuously coordinate and collaborate on various business processes including infrastructure planning and expansion, maintenance and repair, information and data exchange, customer service and financial transactions.

The City and County hired the project team led by NewGen, with Cozen O'Connor, PEER Consultants and Momentum as subcontractors to provide a comprehensive review of their water and sewerage services business processes. The project team is currently performing the review based upon a comprehensive scope of services grouped into six major tasks:

- Evaluate City-County Existing Service Agreements for Water/Sewer Services
- Review the City and County Organizational Structure and Governance Models
- Review Staffing
- Evaluate Water and Sewer System Planning and Management
- Assess Meter to Cash Operations
- Review Field Operations

The City and County envision creating the Utility of the Future, with intergovernmental coordination of processes and policies to ensure effective delivery of high quality and sustainable water and sewerage services and deliver service excellence to City and County customers.

City of Charlottesville, VA – Water, Wastewater, and Natural Gas Cost of Service Study (2018-Ongoing)

REFERENCE: Chris Cullinan | Director of Finance | 434.970.3200 | cullinan@charlottesville.org
Lauren Hildebrand | Director of Utilities | 434.970.3819 | hildebrand@charlottesville.org

Incorporated in 1888, the City of Charlottesville is an independent city located in the center of Virginia, approximately 100 miles southwest of Washington, D.C. and 70 miles northwest of Richmond. The City has a population of over 46,000 residents (with an additional 23,000 students at the University of Virginia) within a total area of just over 10 square miles. The City provides retail water and sewer service to customers through the operation of its Department of Utilities, which owns the municipal water distribution and sanitary sewer collection systems (as well as a natural gas distribution system). Water and wastewater treatment services are provided on a wholesale basis by the Rivanna Water and Sewer Authority (RWSA), a wholesale agency that serves the City of Charlottesville and the Albemarle County Service Authority (ACSA).



NewGen, then MFSG, was hired by the City to perform a water and wastewater cost of service and rate study. The project included assessing the financial health of the water and wastewater systems, capital plan and revenue requirement needs, developing rate designs based on AWWA standards, examining the financial impact of rate alternatives on all customer classes, comparing typical City bills with those of surrounding utilities, evaluating utility billing operations for efficiency and customer service based on best practices and industry standards and reviewing the City's agreement with its largest customer.

NewGen is in the process of updating a comprehensive cost of service and rate review, originally completed in May 2020, for the Department of Utilities of the City. The intent of the Study is to facilitate and deliver a roadmap for enhancing the City Utilities' Natural Gas Distribution (Natural Gas) COS modeling abilities while improving the defensibility, usability, and accuracy of the results and ensuring alignment with the City's existing Rate Policy. The objectives of the Study including a complete review of the existing internal COS modeling for the City gas utility and recommendations for improvements or enhancements in the model or methodology. Our project integrates City Utilities data to improve its existing cost allocation methodologies (e.g., contributions to system peak, class peak, etc.), in addition to improving customer class designations/criteria and class segmentation analyses. We reviewed the City Utilities' current capital improvement plans for Natural Gas to assess appropriateness and level of reinvestment in the systems.

Upon completion of the internal model review, NewGen recommended the development of a new model to utilize increased functionality of Microsoft Excel, minor adjustments to methodology, improved model flexibility, and added scenario modeling capability for projecting and saving multiple cases within one model. NewGen is currently completing and conducting training sessions on the new dynamic and more automated COS model for the Natural Gas system.

Town of Vienna, VA – Water and Wastewater Cost of Service Study (2018, 2020)

REFERENCE: Marion Serfass, CPA | Director of Finance / Treasurer | 703.255.6322 | mserfass@viennava.gov

Located in northern Virginia near Washington, D.C., Vienna is one of the more stable areas of the country. With its proximity to the Dulles Airport corridor, the area's metropolitan transit systems and the Nation's capital, Vienna continues to enjoy a relatively stable economic base. The Town operates water distribution and sewer collection systems infrastructure but does not treat water or wastewater. The Town purchases its water solely from Fairfax Water under a long-term agreement.



Approximately 50% of the Town's wastewater is treated by DC Water and Sewer Authority (DC Water) and 50% by Fairfax County, VA, both of which operate under long term agreements. DC Water builds its capital cost recovery into the rate charged to the Town (per MGD). Fairfax County bills both operating and capital costs semi-annually. The Town's infrastructure consists of 131 miles of water lines and 95 miles of sewer lines.

The Town engaged NewGen (then MFSG) to perform a water and sewer cost of service study with the following objectives:

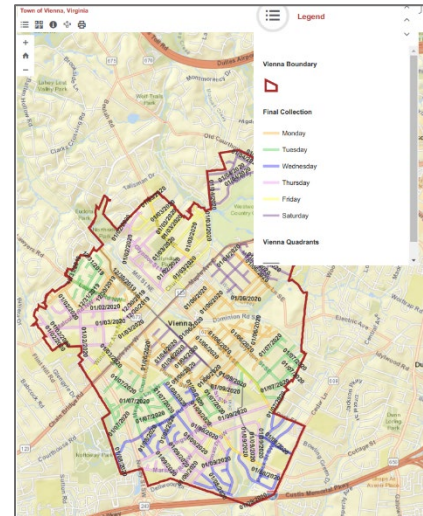
- Determine the cost of system services with the intent of establishing a usage rate and fee schedule for the next five years
- Evaluate alternative rate structures
- Develop a rate model to allow adjustment for changes in general economic conditions
- Prepare a 5-year forward-looking financial plan for:
 - implementing capital improvements and associated debt service
 - accumulating capital reserves to fund scheduled replacements and upgrades of critical equipment and systems; and
 - funding anticipated water and sewer operations budgets

NewGen's study resulted in several key recommendations, including:

- Rate increases ranging from 3.0% to 12.0% over a five-year period
- Adjustment of the Town's inclining block water rates to better reflect customer demand
- The development of formal reserve policies and rates to build reserves over a five-year period
- An augmented capital improvement plan reflecting an average replacement cycle of 75 years

Town of Vienna, VA – Leaf Collection Program Evaluation (2021)

The Town of Vienna operates a Leaf Collection Program that begins on October 1st each year and concludes on March 31st of the following year. The program is managed within the Public Works Department utilizing the Town’s Street Maintenance workforce under the direction of the Operations Superintendent, the Deputy Director of Public Works, and ultimately the Director of Public Works. The program provides leaf collection service to all residents within the Town’s corporate limits, the processing of leaves into mulch, and delivery of the mulch to both residents and businesses within the Town on an as requested basis. Any mulch left over is currently hauled to businesses that will accept the material for free before March 31st each year, which is the date the Town’s operating permit expires. The program is funded by general tax revenues and there is no cost to the residents or businesses at the time of collection or delivery.



The Town engaged NewGen to evaluate the Town’s Leaf Collection Program and answer several specific questions:

- How much does it cost the Town to operate its current Program?
- What are the policies, methodologies, and costs of similar programs in the surrounding area?
- How much would it cost to conduct leaf operations elsewhere, such as at another site in or out of town?
- How much would it cost the Town to run a marketing program to encourage residents to mulch leaves on their own property?
- Is there an environmental benefit to mulching on a resident’s own property?
- Would having residents mulch on their own property result in cost reductions, such as reductions in labor and equipment costs to collect and process leaves?
- Would there be a cost and operational benefit to limit collection to three passes rather than the current four to six?
- Is there a more cost-effective way to run the program while maintaining the current level of service?
- Should the Town divert a certain amount of leaves to landscape companies when picked up, instead of after being stockpiled and ground?
- If the Town stopped leaf collection and or delivery what would the cost (if any) to the Town be?

NewGen conducted several work sessions with the Town Council to discuss the study’s findings and recommendations, which included contracting out leaf grinding operations to maintain a high level of service while also reducing costs and lessening noise for citizens located near the grinding site.

City of Springfield, MO - Utilities Cost of Service and Rate Studies

Wastewater Utility (2021)

REFERENCE: Errin Kemper, PE, D.WRE | Director, Department of Environmental Services | 417.864.1910 | ekemper@springfieldmo.gov

The City of Springfield is home to two nationally recognized and award-winning treatment facilities. Located on the Northwest and Southwest corners of the City, these plants treat a combined daily average of nearly 50 million gallons of wastewater and clean the water before returning it back into the Little Sac River and Wilson's Creek.



The City of Springfield's sanitary sewer system is supported by the Sewer Enterprise Fund, which is primarily funded through sewer use fees. Revenue collected from sewer fee ratepayers is only used to fund improvements and maintenance to the wastewater system and to meet Clean Water Act requirements. The funds collected represent the cost of long-term sewer utility operation. Based on guidance from the Citizens' Wastewater Improvement Task Force, each component of the sewer rate is based on the actual cost of service to convey or treat certain types of wastewater.

The City contracted with NewGen to develop a wastewater Cost of Service and Rate Study to project the long-term (20-year) financial profile of the sewer system. NewGen's scope of work included:

- Twenty-year Revenue Requirement projection
- Revenue sufficiency analysis
- Development of appropriate operating and capital reserves
- Development of appropriate debt service coverage ratios
- Calculation and projection of Retail rates
- Satellite customer (i.e., wholesale) rates
- Inside/Outside City rates
- CBOD and TSS surcharges that the City applies to its 50+ large industrial customers.

Solid Waste System (2021)

REFERENCE: Errin Kemper, PE, D.WRE | Director, Department of Environmental Services | 417.864.1910 | ekemper@springfieldmo.gov

The City of Springfield is home to the Integrated Solid Waste Management System (ISWMS), which includes the Noble Hill Sanitary Landfill, four recycling centers, a yard waste recycling center, a household chemical collection center, and education and market development programs. Curbside collection of trash and recyclables is provided by private hauling companies.

The City contracted with NewGen to develop a comprehensive solid waste cost of service and rate design study to project the long-term (20-year) financial operating and capital costs associated with operating the solid waste system. NewGen's scope of work included:

- Twenty-year Revenue Requirement projection
- Review and assistance in development of a capital improvement plan (for equipment and infrastructure)
- Revenue sufficiency analysis
- Design and forecast of solid waste rates for full cost recovery
- Model training provided to City staff

CITY OF BREA, CALIFORNIA
UTILITY RATES AND IMPACT FEE STUDY
RFP #2021.05.10.001

Electric, Natural Gas, and Water Utilities (2019, 2020)

REFERENCE: Krista Shurtz | Director - Rates and Fuels | 417.831.8484

In 2020, NewGen completed a comprehensive cost of service and rate review for the Board of Public Utilities of the City of Springfield, Missouri (City Utilities). The intent of the Study is to facilitate and deliver a roadmap for enhancing the City Utilities' COS modeling abilities while improving the defensibility, usability, and accuracy of the results and ensuring alignment with the City's existing Rate Policy. The objective of the Study was to a complete review of the existing internal COS modeling for the City electric, gas and water utilities and provide recommendations for improvements or enhancements in the model or methodology.



Our project integrated City Utilities advanced metering infrastructure (AMI) data to improve its existing cost allocation methodologies (e.g., contributions to system peaking, class peak, etc.) and improved customer class designations/criteria and class segmentation analyses. We reviewed the City Utilities' current capital improvement plans for each utility to assess appropriateness and level of reinvestment in the systems. This was accomplished by reviewing the age, useful life, and replacement cost associated with infrastructure to identify if the planned investments result in realistic replacement schedules. Our review also included an assessment of the alignment of existing and proposed rates with City Utilities' Rate Policy Standard.

Upon completion of the internal model review phase, NewGen recommended the development of a new model to utilize increased functionality of MS Excel, minor adjustments to methodology, improved model flexibility, and the new AMI data. NewGen developed a new dynamic and more automated COS model for the water, electric, and gas systems. The model was seamlessly integrated and updated with CU's enterprise financial and billing systems.

Village of Libertyville, IL - Rate and User Fee Feasibility Studies

REFERENCE: Paul Kendzior, P.E., C.F.M | Director of Public Works | 847.918.2016 | pkendzior@libertyville.com
 Nicholas Mostardo | Finance Director | 847.918.2102 | nmostardo@libertyville.com

Water and Sewer Rate Study (2015, 2019)

The Village of Libertyville is located in south central Lake County, approximately 37 miles from Chicago and seven miles west of Lake Michigan. Members of NewGen, as MFSG, were engaged by the Village in 2015 to complete a water and sewer rate study. The Village was facing major capital improvement costs related to upgrading its sewer treatment facility. NewGen was tasked with determining the proper funding plan that would allow the Village to maintain the financial health of its utility fund.



Assignments and tasks completed for this project included:

- Development of formal cost of service/rate models for the Village (both water and sewer)
- Development of alternative rate structures for both water and sewer service

- Development of formal policies by the Board dealing with the establishment of reserves and the target balances for such reserves

The proposed alternative rate structure, which included 5% revenue increases for water and a 37% increase in sewer revenues was recommended for adoption by the Village Board. The Village Board unanimously approved the recommended rates and rate structure.

In 2019, NewGen was again engaged by the Village to update the cost and revenue projections adopted as a part of the original study. NewGen completed its update in May 2019 and recommended no change in the projected water rate increases and a slight increase in the necessary sewer rate increases due to the increased cost of the Village's mandatory wastewater treatment plant upgrades.

Stormwater User Fee Feasibility Study (2019)

The Village is an established residential community and has traditionally served as a major market and service center for Central Lake County. Due to localized surface flooding in numerous locations during moderate to heavy rainfall events, the Village initiated the development of a village-wide Master Stormwater Management Plan (MSMP) to identify and develop proposed flood reduction projects to the drainage problems throughout the Village. The MSMP identified long-term capital improvement projects including increasing storm sewer sizes, adding relief storm sewers, and incorporating stormwater detention storage totaling over \$45.5 million.



In 2019, the Village engaged NewGen to complete a feasibility study to project the costs of implementing the MSMP and determine the appropriate methodology to charge Village citizens the costs of the MSMP planned projects. The Village also tasked NewGen with developing credit policies and manuals, appeal procedures, and an appropriate Stormwater Ordinance.

The study was completed in two Phases. NewGen's Phase I scope of work included:

- Assessment of Existing and Future Level of Service
- Development of Stormwater Rate Policy and Revenue Analysis
- Development of Implementation Requirements

NewGen developed a financial model that projected the twenty-year cost of the Village's MSMP and the various impervious are based cost allocation methods the Village could adopt as a funding mechanism. To develop the potential stormwater fees, NewGen:

- Developed a twenty-year MSMP implementation cost projection
- Developed an impervious area database containing each parcel within the Village's corporate limits, based on Lake County GIS data
- Identified impervious area funding mechanism alternatives (ERU, IDF, DCIA, etc.)
- Projected the stormwater bill for each customer under each fee alternative
- Developed a Stormwater Credit Manual, Credit Appeal Process, and Stormwater Fee Ordinance

NewGen's feasibility study allowed Village staff and elected officials to evaluate the various stormwater funding alternatives and implement industry best practices for the administration of its stormwater management program. Based on NewGen's analysis, the Village agreed to move to Phase II in late 2020. NewGen's Phase II scope included:

- Finalization of the Village’s parcel database and alignment with its water/sewer utility billing database
- Finalization of the Village’s projected MSMP implementation costs and stormwater fees
- Public outreach prior to the adoption of the Stormwater Fee

NewGen finalized the impervious area and utility billing databases and coordinated with Village staff to develop interactive an online fee lookup tool that allowed Village citizens to see their potential stormwater fee before it became effective. NewGen also worked with Village staff to conduct two Town Hall style public information sessions prior to the fee becoming effective. The Village’s stormwater fee is planned to become effective in September 2021.

Village of Winnetka, IL – Stormwater Utility Feasibility Study (2015)

REFERENCE: Steve Saunders | Director of Public Works | 847.716.3534 | ssaunders@winnetka.org

The Village of Winnetka was incorporated in the 1869 and is located 16 miles north of the City of Chicago. The Village is situated on the shore of Lake Michigan, making the Village a desirable place to live. The Village is primarily residential with approximately 4,000 of the total 4,500 parcels containing single family residential homes. The remaining 500 parcels include multi-family, commercial and institutional uses.



The Village experienced significant rain events in 2008, 2010 and 2011 which resulted in extensive flooding and property damage within the Village. To address the flooding issues the Village engaged multiple engineering firms to develop stormwater management improvements that will provide greater flood protection. While the Village has historically funded the maintenance and capital improvements on a “pay-go” basis using funds from the General Fund, the magnitude of the capital projects (approximately \$50 million) will require the issuance of debt. The magnitude of the capital projects, spread over a small population will result in significant impacts on the community. As a result, in mid-2012 the Village engaged the Municipal and Financial Services Group, as part of a competitive procurement, to complete a stormwater utility feasibility study. The study will be complete in March of 2013 at which time the Village will determine whether to implement the utility. The study has included the following key tasks.

- Evaluation of the current level of stormwater service and the potential future level of service.
- Identification and evaluation of the various funding sources that the Village could use to fund the level of service.
- The full development a stormwater fee based on impervious area. Several fee structures were considered include a uniform stormwater fee and a location-based fee by drainage area.
- The necessary implementation requirements should the Village establish a stormwater utility including billing methodology, stormwater fee ordinance, credit manual and appeal process

During 2013-2014, NewGen worked with the Village staff to establish the utility over a several month period, then NewGen established a virtual customer service function for the utility by providing “nine-to-five” phone responses to customer questions about the basis for the bill, how the bill was calculated, how eligibility for credits was determined, and the like.

QUALIFICATIONS

SUMMARY OF FINANCIAL RESPONSIBILITY

NewGen is a financially stable company, with revenues, working capital, and reinvestment in the company growing each year since our launch in 2012. As a sign of our growth, stability, and reputation, NewGen continually wins and performs high profile projects for utilities throughout North America.

NewGen also believes it is important to give back to the community. Each year NewGen donates 1% of our gross revenues to charitable organizations in the communities in which we are located to share our success with causes that are close to us as a company, or individually. In 2020, a total of \$98,000 was spread amongst 50 organizations nationwide, including the Juvenile Diabetes Research Foundation, Cystic Fibrosis Foundation, and the Cure Alzheimer’s Fund. Since our inception, we have donated almost \$400,000 to charities nationwide.

ANNUAL REVENUES:	
CY 2020	\$11.1M
CY 2019	\$8.7M
CY 2018	\$8.4M

DEMONSTRATED TECHNICAL ABILITY (I.E., NEWGEN’S APPLICATIONS AND TECHNOLOGY GROUP)

Big Data Analytics

Big data analytics has become the staple of innovation as the availability of data has grown exponentially over time. Utilities are stewards of a sizable amount of information due to recent technological advances in the industry. Smart metering and other sensors have made operational data easily accessible to utility executives. Many executives see the value in mining this data for insights but are unsure of where to start. Potential value from this data includes cost reduction, reliability, and customer engagement for the utility and its stakeholders.

In recognition of the value that data and the analysis of said data can bring to utility management, NewGen’s data analytics experts deploy the latest in advanced analytics strategy and tools to help utilities better understand their data. While every client is different, NewGen follows the following three key steps in applying our data analytics expertise:

- Our team first identifies key objectives or subject areas and develops a tailored analytics approach to build momentum.
- Second, initial data engineering, including cleaning and merging data, brings out areas that need additional attention and provides a basis for more in-depth analysis.
- Third, the employment of data visualization and modeling provides the utility with a better understanding of the financial and operational impact of their service offerings.

NewGen analytics experts utilize tools such as PowerPivot, Power Query, R, and others as a part of the initial data engineering process. Once the initial data engineering process is complete, dynamic, user-friendly dashboards, presentations, and reports are created utilizing Microsoft Excel, Power BI, and Sway to provide a tailored solution in a comprehensive, visual manner.

QUALITY AND TRAINING OF STAFF

Project Management Approach

Each engagement undertaken by NewGen is under the immediate control of a member of the Firm. As a result, management is always advised of each project's status and requirements and is capable of immediately committing resources requisite to satisfy current engagement needs. The Project Manager is the principal contact for the client and has primary responsibility for keeping the client informed always of project status. The Project Manager is supported by the Project Officer who is ultimately responsible for all project deliverables.

NewGen has developed its organization, operating practices, and staff to provide maximum responsiveness to the needs of its clients through the effective application of multi-disciplinary technical resources. The Project Manager draws upon the specialized talents within the Firm to achieve an optimum balance of skills and experience. Project organization is structured to maximize the attainment of client objectives on time and within budget. This enables us to perform a wide range of analysis, design, development, implementation, and training activities with maximum effectiveness.

NewGen will coordinate with and aid NEORS to undertake all necessary project management actions to advance the overall scope of work and each individual task detailed in this proposal. These project management activities will include:

- Preparing a project management plan and schedule.
- Holding regular progress meetings and progress calls.
- Preparing monthly progress reports.
- Managing and addressing the City's comments and questions on tasks and deliverables.
- Assisting the City in conducting stakeholder meetings and developing associated outreach materials, if necessary; and
- Preparing any written reports and other deliverables associated with the tasks described above.

Management practices must begin at the top and flow to all organizational elements of the Firm. NewGen's managerial functions are administered under formalized procedures and policies to support the on-site Project Manager in effectively carrying out his role. These policies and practices are modified and expanded as required to suit operating circumstances and conditions of the client. In addition to providing management guidelines and firm policies, practices and standards include internal control procedures, technical principles and methodologies, financial controls, and quality control.

Budget and Schedule Control

For simple projects, tabular and graphic presentations of actual time and effort vs. planned time and effort are maintained and updated semi-monthly, based on time and expense reports submitted by project staff. For more complex projects, critical path method (CPM) software such as MS Project is often used. For a very complex project to establish a regional water and sewer authority in North Carolina, we used MS Project and more than 600 tasks to track relationships, dependencies, level of effort and schedule.

A detailed project schedule is developed to clearly identify project tasks, staff roles and responsibilities, deliverables and QA/QC, client meetings and informational / outreach meetings for each project. Each task has clearly identified budgets and schedules. To have the project completed in a cost-efficient

manner, we address with the client at the project kickoff meeting (or earlier, if possible) work elements that could be accomplished by client staff.

Data Control and Storage

For each of our client projects we utilize dedicated/shared websites on which indexed and cataloged data related to the project is stored and accessible to authorized users from both the client and consulting organizations. While the software used for such shared sites is subject to client approval, we have in the past utilized Dropbox or Microsoft OneDrive and/or SharePoint.

Quality Assurance and Quality Control Procedures

Firm-wide quality control is maintained through technical and administrative peer reviews and by careful selection, retention, and training of competent staff. NewGen's philosophy and approach to quality control has evolved over the years, and reflects NewGen's origins as part of national CPA and engineering firms:

- All work products are reviewed by an officer of the firm before delivery to a client.
- Client work is documented thoroughly and completely, using workpaper standards like those used by CPA firms. Workpapers are maintained for a minimum of five years after completion of an engagement.
- Unauthorized or non-standard software is strictly prohibited on NewGen-owned computers, and all computers are protected by anti-virus software that is regularly updated. All computers and all access to corporate files are protected by firewalls and appropriate safeguards (e.g., passwords) that are regularly changed and updated.
- Copies of all electronic files and emails are backed up regularly.

A key component of our quality control efforts is our training program. The most important objective of our program and its related courses is to provide each person with the skills required to function effectively on an engagement. Accordingly, our staff regularly attends and participates in courses that are practice-oriented and taught by seasoned professionals with training expertise. We encourage our staff to participate in the appropriate technical and industry associations, and staff performance reviews include consideration of staff participation in appropriate professional and technical organizations, and on regular updating of skills. These courses are both skill and industry specific and provide information on emerging financial, economic, organizational and management consulting issues.

NewGen recognizes that the quality of our analysis and work product is of paramount importance. To serve as a trusted advisor to our clients, it is critical that our work be of the highest caliber. Mistakes challenge our credibility with colleagues and clients and can lead to serious negative consequences including, but not limited to, potential litigation. Given this, each engagement must be conducted under strict quality assurance/quality control (QA/QC) procedures. NewGen's internal QA/QC program involves three key levels of review for every project:

Level 1 – Personal

At the first level of our QA/QC program, every consultant is personally responsible for their work product. Any product developed internally should be considered “client-ready” prior to being submitted to higher levels of management for review. To assist consultants in ensuring that their work product meets these standards, NewGen has developed and utilizes a “CHECK-UP” process, as demonstrated by the graphic to the right. Utilizing this as an acronym, NewGen encourages its consultants to apply each of these standards to every analysis conducted or work product prepared.

CALCULATIONS

- Affirm internal checks are in place and not producing errors.

HOLISTIC

- Have you gotten out of the details and looked at the big picture?

ENGLISH

- Proper grammar and correct spelling.

COMPOSITION

- How does your product look?

KNOWLEDGE

- Does it reflect industry standards and represent a quality product?

UNDERLYING ASSUMPTIONS AND NOTES

- Clearly document and affirm assumptions.

PRINT READY

- Make sure document is print ready.



Level 2 – Peer

The second level of our QA/QC process involves a peer review of all analysis and work product. As part of this process, NewGen has designated experts in each subject matter area to serve as “qualified reviewers.” Each analysis or work product is reviewed and approved by a qualified reviewer prior to further transmission to a client.

Level 3 – Product

The final level of review in our QA/QC process seeks to ensure that the product we develop and publish is reflective of the high standards of our Firm. Each deliverable is reviewed by our administrative staff to ensure it meets the quality standards of a NewGen product, regardless of the individual or office that produced the product. Additionally, integrated and embedded in the product is a QA/QC process of more automated checking of calculations and formulas that ensure the model is operating properly and concisely, and notifies users if the model was updated or if any errors are present.

Implementation

NewGen conducts annual training for employees on the QA/QC process. This includes in-person, multi-day workshops on project management and the proper application of the QA/QC procedures. Furthermore, each employee’s annual performance review has an entire section devoted to work quality and assesses the employee’s application of the above outlined process.

SPECIFIC PROJECT ORGANIZATION

Eric Callocchia, Executive Consultant | Project Manager

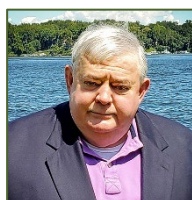


Mr. Callocchia is an Executive Consultant in the Annapolis office of NewGen, applying economic, mathematic, and financial skills to a broad range of projects for clients. He has experience with both rate modeling and cash flow simulations.

He is involved in both water and wastewater industry associations. **He is a contributing author to the most recent edition of the Water Environment Federation's Manual of Practice 27 – Financing and Charges for Wastewater Systems, an active member of the American Water Works Association (AWWA) Rates and Charges Committee, and a contributing author to the upcoming new edition of AWWA's Manual M1 – Principles of Water Rates, Fees and Charges.** He is also accredited as an expert witness concerning utility rate setting matters by the Maryland Tax Court, under whose jurisdiction utility rate disputes fall.

Mr. Callocchia has worked with over 75 water, wastewater, and stormwater utilities throughout the United States building solid financial plans and implementing best practice management policies. Through his efforts, clients have adopted revenue increases, rate structure changes, reserve policies, capital financing plans and other industry best practices. Mr. Callocchia regularly presents at industry conferences to keep peers informed of the cutting-edge methodologies developed as a part of his projects.

Edward J. Donahue, Director-Environmental Practice | Principal-in-Charge / QA



Mr. Donahue has almost fifty years' relevant experience, having performed cost of service, rate and feasibility work for more than 150 utilities across the country, from Maine to San Diego, from Nome to the Florida Keys. He has served

as chairman of AWWA's Finance, Accounting and Management Controls Committee and currently chairs that organization's GASB 34 Task Force; he is a contributing author and editor for AWWA's Manual M-29, *Capital Financing*, and served the same role for the recent AWWA/GFOA textbook *Financial Management for Water Utilities*. He has been accredited and served as an expert witness in accounting, contract, and construction and rate matters before courts and regulatory agencies at state and federal levels. Prior to his consulting career, he worked at the US Environmental Protection Agency developing financial systems and served as Financial Manager for the Chief Scientist at Westinghouse Electric Corporation.

EDUCATION

BA, Economics/Mathematics, Johns Hopkins University

AFFILIATIONS

AWWA, WEF, CWEA, GFOA
 AWWA Rates and Charges Committee
 Cost of Service Subcommittee

PUBLICATIONS

Contributing Author, WEF MOP 27 – *Financing and Charges for Wastewater Systems*

EDUCATION

MBA, Finance, Government-Business Relations,
 George Washington University
 BS, Accounting, Johns Hopkins University

REGISTRATIONS & CERTIFICATIONS

Certified Management Consultant (U.S., Canada)

AFFILIATIONS

AWWA, WEF, GFOA
 Active member of the AWWA Finance, Accounting & Management Controls Committee

Michael Maker, Executive Consultant | Financial Analysis & Simulations



Bringing 16 years of experience, Mr. Maker is an Executive Consultant applying management, financial and technical experience. He has served as either Project Manager or Lead Analyst for over 100 management and financial studies. Day-to-

day responsibilities include management of client projects, development of analytical financial models and compilation of comprehensive reports and presentations. His client work includes water and sewer benchmarking and performance metric analyses services. Additional consulting experiences includes the development of cost-of-service cash flow models involving rate design, fee design and customer impact analyses for water, wastewater, stormwater, and solid waste utilities across the country. He is an active member of AWWA, WEF and GFOA and a current member of AWWA's Finance, Accounting & Management Controls Committee and Workforce Strategies Committee.

EDUCATION

MBA, Finance, Loyola University (Beta Gamma Sigma Honor Society)
 BA, Economics, University of Rochester, Minor: Electrical Engineering

AFFILIATIONS

AWWA, WEF, GFOA
 Active member of the AWWA Workforce Strategies Committee and Finance, Accounting & Management Controls Committee

Zak Wright, Senior Consultant | Lead Analyst



Mr. Wright assists with financial planning, rate analysis, and appraisal projects. He develops comprehensive financial models to streamline utility rate design studies and determine the optimal level of funded debt and capital investment within various budget, usage, and customer base scenarios.

Prior to joining NewGen, he worked as a Commercial Credit Analyst and has experience in corporate finance, pro forma financial analysis, financial modeling, underwriting, banking, and strategic and capital planning. He attained his Master of Business Administration from the Massey School of Business at Belmont University. Mr. Wright is an Accredited Senior Appraiser with the American Society of Appraisers.

EDUCATION

MBA, Belmont University
 BBA in Finance, University of Tennessee Knoxville

CERTIFICATIONS & AFFILIATIONS

Accredited Senior Appraiser by the American Society of Appraisers: Machinery & Equipment
 Tennessee GFOA

UNDERSTANDING

NewGen brings to this project a project team with combined professional experience of almost 100 years. Our principal client service is cost of service and rate studies for municipal utilities and similar self-supporting municipal programs. Our first work in California was in the late 1970s with the development of a financial plan to upgrade and maintain San Francisco's wastewater system to comply with the Clean Water Act and a threatened building moratorium, and development of a financial plan to save the El Dorado Irrigation District up in Placerville from insolvency resulting from its Board's refusal to increase rates. NewGen's staff is actively involved in professional organizations such as GFOA, AWWA, WEF, APWA, and NWMA, and has written and edited numerous foundational texts that are the basic financial handbooks for the municipal utility arena.

WORK TO BE DONE / ISSUES TO CONSIDER

The RFP identifies five services provided by the City of Brea. The City's goal is for these services to be self-supporting, alleviating pressure on the City's General Fund, which is constrained by the mandates of Proposition 13, enacted in the late 1970s. Restating these services as supported by user fees also shifts part of the financial burden to tax-exempt entities that would otherwise not pay any share of the costs of these services. In the recent past, the approval of Proposition 26 and Proposition 218 have imposed ever-tightening constraints on the policy options and procedures available to rate/fee-supported programs and services. One of the most visible effects of Proposition 218 is the elimination of the authority of the municipal entity to adopt rate structures in which some group of customers is perceived as having affordability issues and receives discounts which are paid for by increasing the amounts paid by other customers.

UNIQUE APPROACHES AND STRENGTHS

NewGen's staff has overwhelming experience – the firm is large enough to have worked on almost every kind of study within the various legal and regulatory frameworks as well as local customs across the United States. At the same time, NewGen is small enough to provide very personal service for its clients. NewGen has invested substantially in developing new applications of standard software packages for our clients – for example, taking the time-of-day metering capabilities long used in the electric industry to applications in the water industry, to support development of data-based incentives to encourage the wise use of water. The financial models we develop become the property of the client without any royalty payments or licensing fees. NewGen is a good citizen as well – the firm gives a percentage of its revenues to local charities; to date, the firm has donated almost \$400,000 to local non-profits in the communities in which we work.

TECHNICAL SECTION



TECHNICAL APPROACH & WORKPLAN

When undertaking a cost of service, rate, or fee study for a municipal utility (enterprise fund), it is important that the participants in the study have a shared vision of the objectives that must be reflected in the study. Our approach to reviewing and evaluating municipal utility rates is governed by the view that the ideal rate structure must satisfy seven criteria:

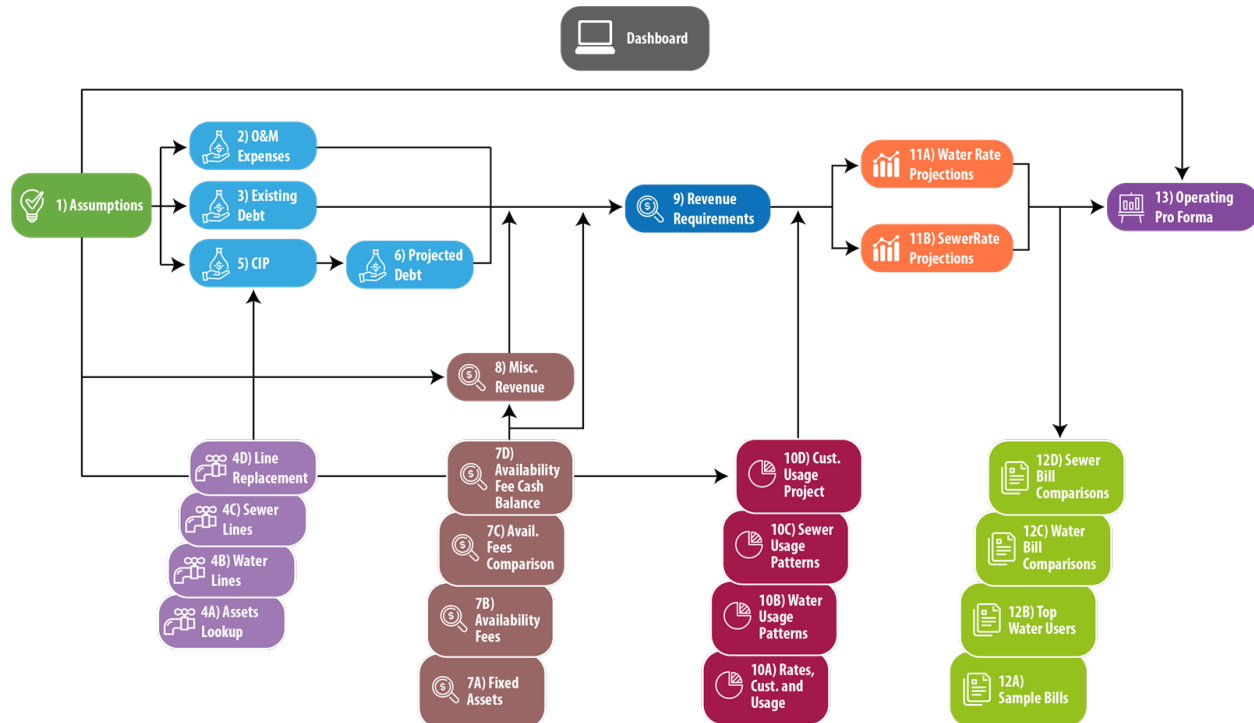
1. **Legal and Regulatory Compliance** is a prime consideration because rate structures must incorporate applicable local, state, and federal statutes. In California, this includes Propositions 26 and 218.
2. **Equity** requires that rates and charges result in no undue discrimination among customers.
3. **Efficiency** refers to the ability of the rate schedule to encourage wise use of the resources.
4. **Revenue Adequacy** recognizes that rates and fees are cost driven.
5. **Affordability** means the recommended rates must result in bills that are realistically within the ability of customers to pay; there are some Proposition 218 restrictions in California that limit the use of lifeline rates or income-based user rates.
6. **Sustainability** means the objective of the rate methodology is to keep rates low over time, not to merely keep them low for the short-term by omitting or deferring needed expenses.
7. **Administrative Simplicity** recognizes that limits must be placed on the number of customer classes, complexity of the rate schedule and frequency of billing.

Rate structures must be tailored to community perceptions, realities, and values if the project is to proceed smoothly and timely. Our standard approach to completing a cost of service/rate/fee study is predicated on a four-step process using industry standard methodology that is explicit and replicable including:

- **Revenue Requirements** - Develop and document the full cost of providing each separate service including those costs that may not be explicitly identified in the utility's budget such as the need for repair and replacement.
- **Cost of Service** - Allocate revenue requirements to customer classes or types of customers and functions based on the cost of providing service, to the extent necessary.
- **Financial Plan** - Development of a financial plan to fund system revenue requirements considering customer and usage demand forecasts.
- **Utility Pricing** - Review and evaluation of rate/fee designs based on revenue needs and policy goals related to rate design (e.g., encouragement of consumption or conservation, support for economic development, affordability, etc.).

A detailed diagram of the type of interactive financial plan/rate analysis models that will be developed for Brea is provided as Exhibit 1. The schematic depicts the Table of Contents for our typical water, sewer, solid waste and/or stormwater Excel-based financial model, with each linked box representing a schedule/module within the model and the arrows indicating the linked relationship between each module. Parallel models to document, allocate and recover Tree Maintenance and Street Sweeping costs will also be developed. Every model we develop is fully customized to suit the client's data and needs and is formatted to tie to the client's budgeting and account structures and breakdowns.

Exhibit 1. Financial Model Schematic Diagram



In its Request for Proposals, the City of Brea identified operational and financial data related to the five services to be studied by the consultant: water, sewer, solid waste, storm/surface water and street sweeping. Our workplan is formatted to respond explicitly to those requirements and consists of eight tasks.

TASK 1 – REVENUE REQUIREMENT

Review Data and Kickoff Meeting

Immediately upon receipt of notice to proceed, NewGen will deliver to Brea a detailed data request, identifying the data that is needed to perform the study. As the City furnishes this data, it will be loaded into an online storage site, indexed, and stored to enable access by project personnel and others authorized by the City. This will assure that all interested parties have access to all data, and that all have the most current data available. We will review all the requested data to ensure that we have a solid and updated understanding of Brea’s water and sewer systems and street sweeping, solid waste, and surface storm water programs.

A project kickoff meeting will be held, with all key City and consultant personnel being invited to attend and participate. The purpose of this meeting is to review, update and validate the proposed work plan, introduce key personnel, identify any roadblocks to timely completion, agree to key dates, provide City personnel with contact information for all members of the consulting team and establish the formal and informal reporting relationships that are necessary for a smooth project. As part of the kickoff meeting, we will want to review all the current financial and rate/fee policies currently in place as they will serve as key guideposts for the study. We will also want to discuss any potential policy issues that may need to be addressed during the study. Based on our experience in working with municipal governments, *it is*

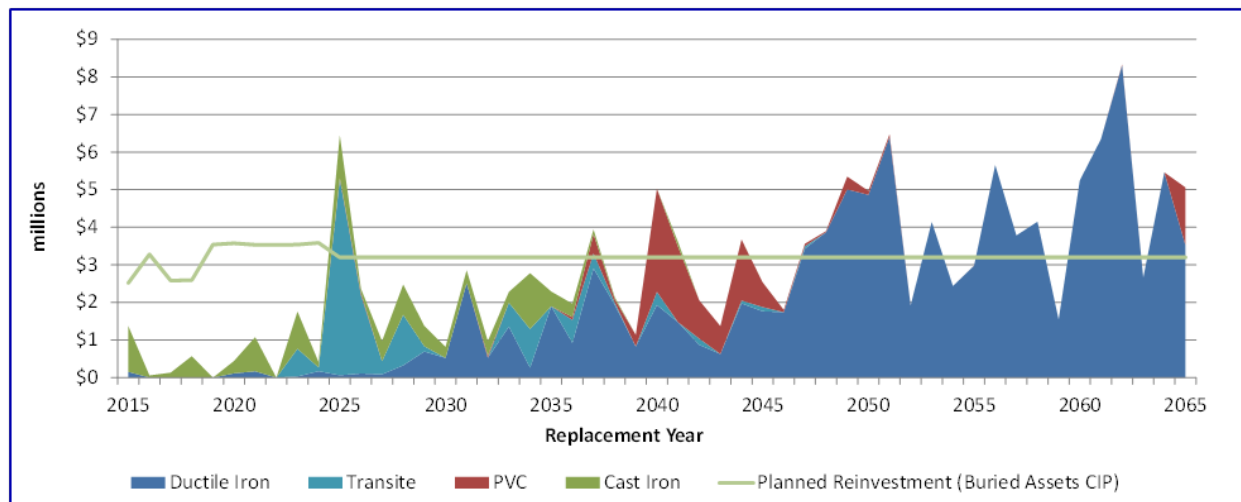
vitality important to identify and evaluate the key policy issues early in the study to ensure that consensus is developed regarding the principles that will govern the study.

One of the first tasks for the study is the identification of the cost of providing water and sewer services, solid waste collection, street sweeping, and storm/surface water drainage. Our approach includes a detailed review of the costs incurred by Brea (both documented and undocumented, such as those associated with repair and replacement of buried assets) to ***ensure a truly comprehensive cost of service is developed***. The cost analysis can be broken down into four main categories of costs: operating and maintenance costs, capital improvements, existing debt service and any contributions to reserves. This section describes our approach to reviewing and identifying each of these costs. The total amount of cash required on an annual basis for all purposes and from all sources for each service constitutes the revenue requirement. While page limitations preclude a thorough discussion of the components of the revenue requirement for each utility, in general the revenue requirement includes for each year included in the ten-year forecast:

- O&M costs
- Existing debt service
- Annualized future capital costs (whether cash or annual debt service)
- Contributions to reserves (operating, repair/renewal/rehabilitation, debt service)

Of particular importance is an analysis of deferred maintenance; we try to review actual versus needed infrastructure reinvestment on an annualized basis. Exhibit 2 illustrates the cumulative nature of deferred maintenance on water or sewer lines and its cost impact.

Exhibit 2. Age and Replacement Analysis – Buried Infrastructure



Task 1 Deliverables:

- | | |
|----------------------------|----------------------------------|
| ■ Initial data request | ■ Draft rate strategy memorandum |
| ■ On-site kick-off meeting | ■ Revenue Requirements |

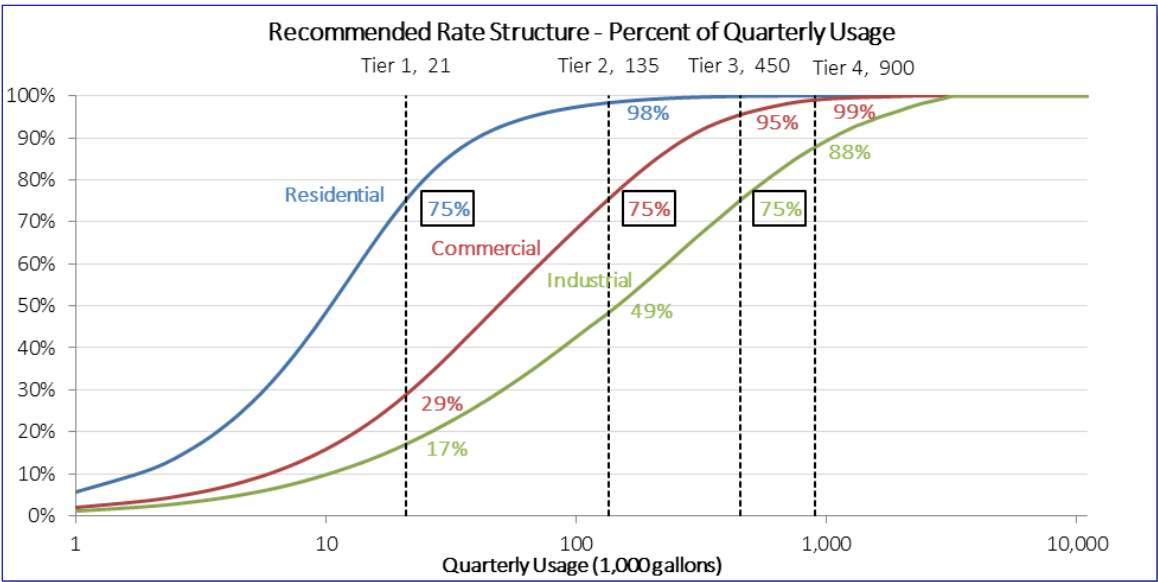
TASK 2. COST OF SERVICE STUDY

We will perform the following seven subtasks to complete the cost-of-service study task outlined within the City’s RFP:

Analyze Detailed Usage and Benefit

A key step in the cost-of-service study is to gain an understanding of the make-up of the customers served by the various systems/services and how and when they use water and generate sewage and solid waste throughout the year, how surface and storm water systems operate. In addition, we will identify those parcels that benefit from the City’s street sweeping programs, as well as how the benefits can be related to specific parcels. This is necessary for determining appropriate cost allocations, to develop demand projections, to evaluate the appropriateness of the current rate and fee structure and to evaluate potential alternative rate/fee structures. To facilitate this review, NewGen will request two years of detailed water consumption and refuse generation data at the customer account level, as well as the inventory of parcels / neighborhoods deemed to benefit from the street-sweeping programs, including the relationship or the street-sweeping program to any stormwater management efforts. The customer and customer usage data will be statistically analyzed to identify usage patterns, including seasonal usage and customer class peaking. An example of a typical water/sewer demand/usage analysis is presented in Exhibit 3.

Exhibit 3. Example of Usage Analysis



Project Demand Trends

The demand forecast will be based on historical usage patterns, water facility plans and discussions with City staff as to projected water demand. The projections will be developed for at least a 10-year period by customer class. One of the key variables that must be developed is the rate of growth in the utility, including the numbers and types of new customers to be added year-by-year as well as increases (or decreases) in water usage over time by existing customers.

Allocate Water Costs

The revenue requirements from rates (Task 1 above) and the detailed usage (from above) will be allocated as necessary by class to serve as the basis for rate determination for each class. To complete the cost-of-service analysis, we would follow the methodology described in American Water Works Association's Manual M-1, *Principles of Water Rates, Fees, and Charges* for identifying or allocating water system revenue requirements. To the extent that there is no appreciable difference in average unit costs allocated among classes, rate classes may be combined to reduce the number of rate classes. To the extent that significantly differing usage or demand patterns among customers or customer classes exist, or to the extent required by external agreements, costs will be functionalized or segregated, as necessary. Costs related to consumption of water will be allocated based on base use, maximum day, and peak hour (if data is available). Costs not related to consumption will be allocated to customers based on factors such as meter size and hydrant and/or fire line size.

Allocate Sewer Costs

The methodology utilized by our project team to develop sewer rates is consistent with and based on the principles provided by the Water Environment Federation's *Financing and Charges for Wastewater Systems* (WEF Manual of Practice 27). Operating and capital expenses of the City's sewer collection system will be allocated to fixed costs and variable costs (flow). The current revenues from each class will be compared with the allocated cost of service to identify discrepancies in the current allocations.

Allocate Residential Solid Waste (Refuse) Costs

The service levels and identification of beneficiaries for the City's residential solid waste program will be identified and the methodology for allocating benefits and costs will be reviewed. Adequacy of funding to maintain / replace equipment on a planned lifecycle will be examined, as well as any reserves or dedicated funds established for equipment replacement.

Allocate Surface / Storm Water Costs

The service levels number of parcels, surface water and stormwater service areas will be identified and the methodology for allocating benefits and costs will be reviewed. Adequacy of funding to maintain / replace facilities equipment on a planned lifecycle will be examined, as well as any reserves or dedicated funds established for equipment replacement.

Allocate Street-Sweeping Costs

Periodic street-sweeping not only enhances aesthetics of neighborhoods, but the frequency and levels of service can be tied to type of neighborhood development and traffic patterns. Level of service can also be affected by the terms and conditions set forth in a community's MS4 permit for stormwater management. The City's program will be reviewed considering these concurrent needs; adequacy of funding for needed service levels and planned equipment maintenance and replacement will also be reviewed.

Compare System Costs

We will also evaluate financial benchmarks and key performance indicators (operating costs per account, operating cost per MG of water usage, line renewal rate, days cash on hand, debt service coverage, operating ratio, etc.) for water and sewer, as well as comparable metrics for street-sweeping and tree maintenance. We will compare these with industry and peer utility best practices.

Task 2 Deliverables:

- Customer usage analysis and demand forecast
- Cost of service analysis
- Documentation of system cost financial performance indicators

TASK 3. FINANCING PLAN FOR THE CAPITAL IMPROVEMENT PLAN

The primary output from Task 2 will be a detailed forecast of the costs associated with each individual environmental enterprise service provided by the City. Task 3 evaluates the sufficiency of the current schedule of rates and fees to meet the capital improvement plan. This will be accomplished by developing the anticipated revenues generated by current rates and fees over the projection period compared with the costs by service type developed in Task 1 and Task 2. Based on this analysis, we will develop a financial plan for funding the capital improvement plan including cash vs. debt funding scenarios and periodic revenue adjustments to ensure the financial health and sustainability of Brea's water, sewer and stormwater systems and its residential solid waste collection and street sweeping services.

The Excel-based financial model developed for the City will allow for the financial impacts of these options to be analyzed and the impact on the City's year-by-year costs and revenues and customer rates and bills to be evaluated. An integral part of developing the cost of service is identifying and evaluating the various financing options – basically, the mix of debt-funded vs. cash funded capital projects, the repayment period for debt-funded projects, the mix of revenues from user fees and impact fees, the consideration of various coverage ratios and reserve requirements and the relative amount of user fee revenues derived from fixed vs. variable charges – which constitute the financial plan for the utilities. The dynamic financial models developed by NewGen during the City's rate/fee study (which will become the property of Brea) enable the optimization of the multiple independent variables that will define the financing plan for the utilities/enterprise funds. The annualized cash needs resulting from the financial plan defines the revenue needs that the various rates and fees must provide.

Task 3 Deliverable:

- Ten-year financial plan

TASK 4. RECOMMENDED SERVICE RATES/FEES

Each of Brea's various rates and fees for the five services will be reviewed to determine if the structure of the existing rates and fees is appropriate:

- Water – Fixed charge based on meter size, plus a unit cost consumption rate
- Sewer – Fixed charge based on meter size, plus wastewater flow for collection costs
- Stormwater & Surface Drainage – periodic fixed fee per customer
- Street Sweeping – fixed fee for residential customers; fee per front foot for non-residential customers
- Residential Refuse – fixed fee per unit, plus surcharge for excess containers

In general, our focus will be on developing a simplified and unified single rate schedule that reflects the differences in the cost of providing service to various groups of customers (residential vs. commercial vs. institutional/industrial, etc.), while remaining in compliance with Proposition 218 and Proposition 26 which have certainly tightened the requirements for such fees. Sensitivity analyses will be employed to assess the potential rate and bill impact on various classes and customer groups. As part of the study, NewGen will evaluate modifications or adjustments to the current rate and fee designs, although we are

reluctant to change rate or fee designs absent legal challenges or other public dissatisfaction. It must be kept in mind that the issue of rate or fee design is a “zero sum” game; that is, the amount of money to be raised from rates and fees is the same, regardless of the rate design. There are many rate designs that comply with industry practice and will withstand legal challenge. The policy determinations/preferences of the City are the most important factors in determining the preferred rate design. Based on the results of the evaluation of alternative rate designs and relying on discussions with City staff, a recommended rate and fee schedule will be developed in detail, including an analysis of its impact on typical customers and customer classes. The recommended rate design will be developed to project annual rates and fees for a 10-year projection period. ***We will document the impact of various rate alternatives on the rates and on the bills of typical and representative customers (as well as the system’s largest customers) and compare those with surrounding utilities.***

Task 4 Deliverable:

- Documentation of rate alternatives considered and recommended rate structure

TASK 5. RECOMMENDED IMPACT FEES

Based on the analysis of historical, current, and anticipated growth-related capital costs the maximum levels of water, stormwater and surface water drainage impact fees will be calculated. This calculated amount will be reduced by that portion of growth-related costs (if any) that the City of Brea’s policies have determined should be absorbed by all customers, as well as by the amounts of capital payments reflected in user fees so that new customers do not pay twice for the same capacity. The resulting amounts will be the recommended fees to be paid by new customers, tied to meter size, lot size (pervious/impervious acreage) or other appropriate metrics. The current methodology used by Brea will be reviewed for appropriateness; if adequate, it will simply be updated. If improvements or changes are needed, they will be recommended in detail.

Task 5 Deliverable:

- Documentation of recommended impact fees and anticipated revenue

TASK 6. EFFECTIVENESS OF FORECASTING METHODS AND MODELS

We will evaluate the forecasting methods and models used by the City to project expenses and revenues in determining rate/fee increases. We will recommend changes to these methods, if necessary, to ensure future rates and revenues are adequate to cover costs and meet financial performance indicators. Expenses will be forecast based on information such as historical operating expenditure increases on a line-item basis, known future increases/decreases (e.g., staffing, healthcare, COLA, etc.), wholesale service costs for residential solid waste, the impact of the CIP on operating expenses and published cost indices such as the CPI, PPI, and the *Engineering News-Record’s* CCI and MCI.

Revenues will be forecast based on required rate increases to cover operating and capital costs and to meet key financial performance indicators such as days cash on hand and debt coverage ratios, as well as customer and usage projections. To develop an accurate demand forecast, the usage trends on per account basis must be examined. The demand forecast performed in Task 2 will analyze the rate of growth in the City’s water and sewer utilities and will include adjustments in customer usage due to trends in declining per capita usage and price elasticity (impact of raising rates on customer usage). Recent national trends indicate an average decrease in per capita consumption of about 1% per year; in some places recurring decreases of 1% - 2% per capita per year have been documented. As a result, it may not be accurate to assume a consistent growth in number of customers and usage. The Excel models developed

CITY OF BREA, CALIFORNIA
UTILITY RATES AND IMPACT FEE STUDY
RFP #2021.05.10.001

in Task 7 will allow for sensitivity and scenario analysis to see the impacts on rates and revenues of changing various assumptions.

Task 6 Deliverable:

- Documentation of recommended forecasting methods and models

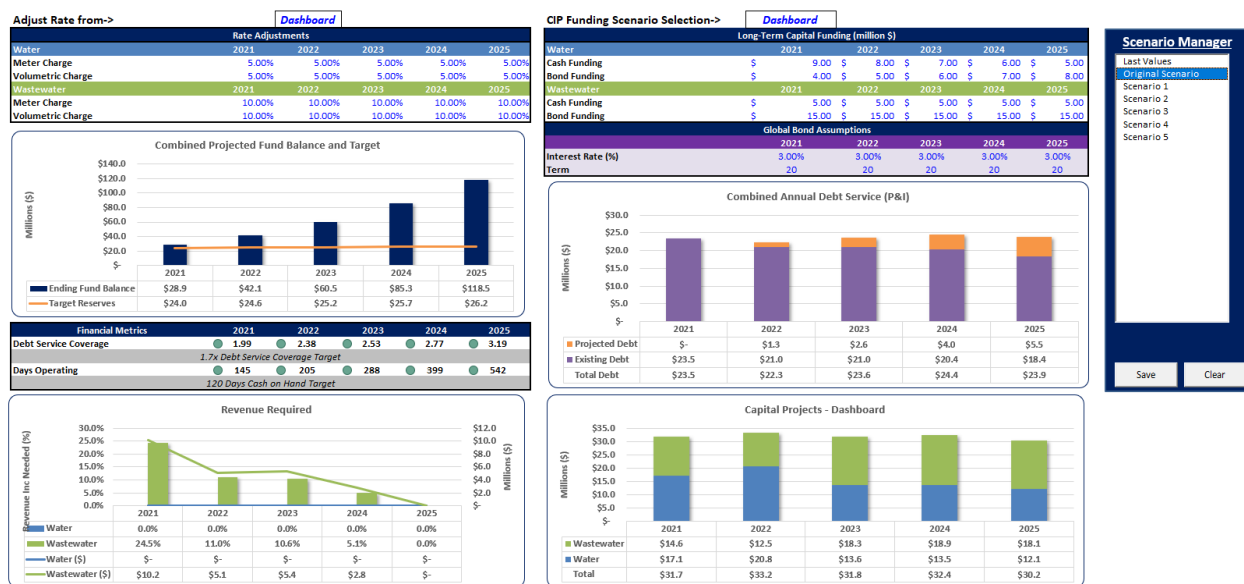
TASK 7. EXCEL MODEL

We will develop an easy-to-use dynamic and interactive financial Excel model for each enterprise fund's rate/fee analysis. The models will produce a series of interactive schedules, each of which will address a principal topic such as O&M costs, debt service, demand/usage, cost of service. Built into the models is a series of summary-level graphics that can be used as stand-alone charts such as average bill by year, total outstanding debt by year, cash balance by year, and projected rate increases by year. The graphics are "fed" by the data contained in the models and are produced with no additional effort on the part of the user. ***NewGen does not charge any form of licensing fee or royalty for continued use of the models***, but we do ask that clients not re-sell or give away the models developed for client use. The models consist of a series of schedules, all linked to facilitate updating and to minimize input errors. The front end of the models will incorporate an interactive dashboard that provides ***instant feedback on rates, revenues and performance indicators based on assumptions entered by the user***. The dashboard also provides a menu of graphics to be used for presentation and reporting purposes that instantly change based on input assumptions. Some screenshots of example dashboard features are shown in Exhibit 4 and Exhibit 5. We will also provide training in how to use and maintain the models. The models, combined with training, will enable City staff readily and easily to adjust expenses, revenues, debt financing, capital projects, rates/fees, and other financial assumptions, if necessary, over a multi-year period as circumstances change.

Task 7 Deliverable:

- Interactive Excel-based spreadsheet models to enable review/revision of future rates and fees, as well as training of staff in the use of the models

Exhibit 4. Example Dashboard Features – Dynamic Output Charts and Scenario Manager



TASK 8. REPORTING

We will document all work performed in the separate rate/fee study for each of the five services in a concise narrative report, with separate sections constituting full reports for each of the services. The report will include an executive summary that will be written in easy-to-understand terms so that it is public-friendly. All data sources relied upon in the study will be identified and documented, and all assumptions clearly set forth. The report will be delivered to Brea in draft form within 16 weeks of notice to proceed, and a revised report will be delivered within two weeks after receipt of comments on the draft report. The final report will include data and graphics to facilitate comparison of the City’s operational and financial indicators with those of comparable and/or nearby utilities. We will also provide biweekly progress reports outlining the specific accomplishments achieved during the reporting period, the specific tasks completed (along with the completion dates of such tasks) pursuant to the provisions of the contract and the projected completion dates for the remaining specific tasks required by the contract.

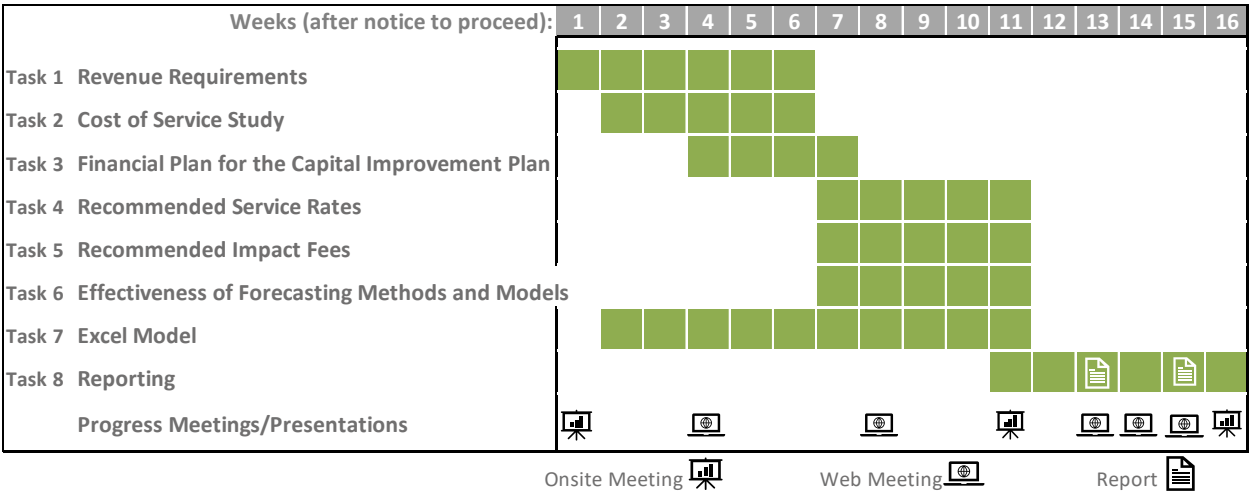
Task 8 Deliverables:

- Hard and electronic copies of draft and final reports
- Electronic (“live”) copy (in Excel) of financial models

PROPOSED TIMELINE

As discussed above, we believe that (assuming the availability of required data and the timely review by the City of draft/partial products) a draft report should be delivered within sixteen weeks of notice to proceed. This schedule (as well as staffing estimated by task) appears below as Exhibit 5.

Exhibit 5. Project Schedule



Of course, NewGen is willing to adjust these expected delivery dates and the number of meetings if needed to accommodate the City’s schedule.

COST SECTION



CITY OF BREA, CALIFORNIA
UTILITY RATES AND IMPACT FEE STUDY
RFP #2021.05.10.001

TIME AND EXPENSE BASIS

We develop our cost proposals by estimating the number of hours of effort that will be required by key individual/classification of employee and multiplying this number by the standard hourly rate that has been established for each administrative classification of employee. To this estimate of professional fees, we add estimated out-of-pocket expenses (e.g., travel, telephone, printing, express services, etc.) at actual cost, with no profit or overhead added to out-of-pocket expenses. Any discounts received (car rentals, hotels, etc.) are passed through to the client.

We estimate our costs for the rate/fee study specified by the City of Brea's RFP 2021.05.10.001 will be **\$88,500 (Eighty-Eight Thousand Five Hundred Dollars)**. A detailed breakdown is shown in the exhibit below.

Exhibit 6. Detailed Not-to-Exceed Study Cost

Task	Donahue	Callocchia	Maker	Wright	Analyst	Hours	Total
	\$350	\$225	\$230	\$190	\$135		
Task 1 Revenue Requirements	8	16	8		24	56	\$ 11,480
Task 2 Cost of Service Study	8	12	8	8	24	60	\$ 12,100
Task 3 Financial Plan for the Capital Improvement Plan		12		12	24	48	\$ 8,220
Task 4 Recommended Service Rates		8		12	12	32	\$ 5,700
Task 5 Recommended Impact Fees		8	8	12	12	40	\$ 7,540
Task 6 Effectiveness of Forecasting Methods and Models	12	8	8	12	24	64	\$ 13,360
Task 7 Excel Model		12	8	24	24	68	\$ 12,340
Task 8 Reporting	12	24			16	52	\$ 11,760
Labor Hours	40	100	40	80	160	420	
Labor Cost	\$14,000	\$22,500	\$9,200	\$15,200	\$21,600		
					Labor Subtotal		\$ 82,500
					Out-of-Pocket Expenses*		\$ 6,000
					Total Proposed Budget		\$ 88,500

COVID-19 STATEMENT

Due to the COVID-19 restrictions and the uncertainty of future restrictions, we have assumed that most work will be done virtually, except for the kickoff meeting and presentation of the study's results. While we would generally prefer face-to-face meetings, we have included nominal out-of-pocket expenses in our cost estimate. If the City of Brea prefers (and health regulations permit), we would be pleased to modestly adjust our estimated costs to provide for whatever number of on-site meetings the City desires.

We would suggest that the kickoff meeting and Council presentations might be conducted in this manner, with the remainder of meetings occurring virtually (e.g., via TEAMS, ZOOM, WEBEX, etc.).

We guarantee the rates shown above through June 30, 2022. At that time, and July 1, 2022 and each year thereafter, we reserve the rate to adjust these billing rates.

ADDITIONAL / OUT-OF-SCOPE SERVICES

If the City requests additional services not covered by the scope of this RFP, we will be pleased to provide such services at the rates shown above. We do not charge a premium for expert witness or similar work.

FORM OF CONTRACT

We have reviewed the City's proposed contract and take no exceptions as to form or content.

AFFIRMATIVE ACTION / EEO

NewGen has always maintained a policy of recruiting, hiring, training, and promoting based solely on an individual's qualifications without regard to race, color, religion, sex, age, national origin, sexual orientation, or handicap. We provide equal employment opportunity to all persons. Discrimination does not exist in any personnel action such as recruiting or advertising for employment, hiring, scheduling, promotion, compensation, performance evaluation, benefits, selection for professional education, transfer, or termination.

ALTERNATIVE BASIS

We are comfortable with the City's contract terms and suggest that no alternative is necessary.

FORMS SECTION



REQUEST FOR PROPOSALS # 2021.05.10.001
for Utility Rates and Impact Fees Study

STANDARD FORM A
NON-COLLUSION AFFIDAVIT FORM

Note: To be executed by Offeror and submitted with Offer.

State of Maryland
(the State of the place of business)

County of Anne Arundel
(the County of the place of business)

Edward J. Donahue, being first duly sworn, deposes and
(name of the person signing this form)

says that he/she is Director, Environmental Practice of
(title of the person signing this form)

NewGen Strategies and Solutions, LLC, the party making the foregoing offer
(name of offering company)

that the offer is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the offer is genuine and not collusive or sham; that the OFFEROR has not directly or indirectly induced or solicited any other offeror to put in a false or sham offer; that the OFFEROR has not directly or indirectly colluded, conspired, connived, or agreed with any offeror or anyone else to put in a sham offer, or to refrain from offering; that the OFFEROR has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the offer price of the OFFEROR or any other offeror, or to fix any overhead, profit, or cost element of the offer price, or of that of any other offeror; that all statements contained in the offer are true; and, the OFFEROR has not, directly or indirectly, submitted his or her offer price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, depository, or to any member or agent thereof, to effectuate a collusive or sham offer, and has not paid, and will not pay, any person or entity for such purpose.

Any person executing this declaration on behalf of an OFFEROR that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that they have full power to execute, and does execute, this declaration on behalf of the OFFEROR.

I declare under penalty of perjury under the Laws of the State of California that the foregoing is true and correct and that this declaration is executed as set forth.

DocuSigned by:
 Signature: Edward J. Donahue
C4BD09BEEFB641F...
 Name/Title Edward J. Donahue, Director-Environmental Practice
 Date: 6/14/2021

Notary is not required for this offer.

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STANDARD FORM B
REFERENCES FORM

NewGen Strategies and Solutions, LLC

(Offeror's Company Name)

Provide current business references for whom your company has provided similar services. Provide very brief description of the Project services your company provided to the reference. **Any unsatisfactory references or past unsatisfactory work performance with City may result in Offeror being deemed non-responsive and non-responsible, and may eliminate Offeror from further consideration (Brea Municipal Codes 3.24.020)**

1. Company Name	San Diego County Water Authority (via BHFS)	
Address, City, State, Zip	BHFS-225 Broadway, San Diego, CA 92101	SDCWA-4677 Overland Ave, San Diego, CA 92123
Contact's Name & Title	Chris Frahm, Esq. Shareholder, Brownstein Hyatt Farber Schreck	
Contact's Phone #	619-702-6917	
Contact's Email	cfrahm@bhfs.com	
Project	Expert Witness Analysis and Testimony	
Completion Date & Value	2016 - ongoing (2020-\$149,000)	
2. Company Name	City of Charlottesville, VA	
Address, City, State, Zip	605 E Main St, Charlottesville, VA 22902	
Contact's Name & Title	Chris Cullinan, Director of Finance	Lauren Hildebrand, Director of Utilities
Contact's Phone #	434-970-3200	434-970-3819
Contact's Email	cullinan@charlottesville.org	hildebrand@charlottesville.org
Project	Water, Wastewater, and Natural Gas Cost of Service Study	
Completion Date & Value	2018 (\$75,100); 2021 (\$14,800)	
3. Company Name	Village of Libertyville, IL	
Address, City, State, Zip	118 West Cook Ave, Libertyville, IL 60048	
Contact's Name & Title	Paul Kendzior, Director of Public Works	Nicholas Mostardo, Finance Director
Contact's Phone #	847-918-2016	847-918-2102
Contact's Email	pkendzior@libertyville.com	nmostardo@libertyville.com
Project	Water and Sewer (W/WW) Rate, and Stormwater (SW) User Fee Feasibility Studies	
Completion Date & Value	2015 (W/WW: \$42,500); 2019 (W/WW: \$23,000), (SW: Phase 1-\$66,140; Phase 2-\$33,360)	
4. Company Name	Baltimore City and Baltimore County, MD	
Address, City, State, Zip	400 Washington Ave, Towson, MD 21204	100 N Holliday St, Baltimore, MD 21202
Contact's Name & Title	Tom Kiefer, Acting Director-Baltimore County DPW	Matt Garbank, Acting Director-Baltimore DPW
Contact's Phone #	410-887-3788	410-396-3310
Contact's Email	tkiefer@baltimorecountymd.gov	matt.garbark@baltimorecity.gov
Project	Water and Sewer Services Comprehensive Business Process Review	
Completion Date & Value	2020 - ongoing (845,500)	

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STANDARD FORM C
SUBCONTRACTORS LIST-STANDARD FORM

NewGen Strategies and Solutions, LLC

(Offeror's Company Name)

Provide the information requested below. Duplicate this form as necessary to complete list.

☒ Check this box, *if no subcontractors* are to be used for any of the proposed work.

1. Company Name	
Address, City, State, Zip	
Contact's Name & Title	
Contact's Phone #	
Contact's Email	
Proposed work & amounts	
License #s & Class	
DIR # & Exp Date	
2. Company	
Address, City, State, Zip	
Contact's Name & Title	
Contact's Phone #	
Contact's Email	
Proposed work & amounts	
License #s & Class	
DIR # & Exp Date	
3. Company	
Address, City, State, Zip	
Contact's Name & Title	
Contact's Phone #	
Contact's Email	
Proposed work & amounts	
License #s & Class	
DIR # & Exp Date	

NewGen does not anticipate the use of any subcontractors for this project.

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for **Utility Rates and Impact Fees Study**

STANDARD FORM D
STATEMENT OF COMPLIANCE OR EXCEPTIONS FORM

Each Offer must be accompanied by this form. Failure to provide this form will cause the Offer to be deemed non-responsive and that Offer will not be considered for further evaluation.

NewGen Strategies and Solutions, LLC

(Offeror's Company Name)

Select one:

X No Exceptions

By checking the above box, Offeror declares its Offer was prepared in strict compliance with the instructions, conditions, and terms of the Solicitation, Scope of Work, and Agreement.

With Exceptions

By checking the above box, Offeror declares its Offer was prepared in consideration of but with exceptions to one or more of the instructions, conditions, and terms of the Solicitation, Scope of Work, and Agreement, in which case **Offeror must provide a detailed list for all such exceptions in the following format.**

Section Page #	Term, Condition, Specification	Exception & Benefit to City	City A or D
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Offeror acknowledges that City may accept or reject any or all of Offeror's listed exceptions or reject the Offeror's entire Offer that contain any exceptions.

DocuSigned by:
Signature: Edward J. Donahue
C4BD09BEEFB641F...
Name/Title Edward J. Donahue, Director-Environmental Practice
Date: 6/14/2021

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STANDARD FORM E
STATUS OF PAST AND PRESENT CONTRACTS FORM

Each Offer must be accompanied by this form. Failure to provide this form will cause the Offer to be deemed non-responsive and that Offer will not be considered for further evaluation.

NewGen Strategies and Solutions, LLC

(Offeror's Company Name)

X No Contract Terminations, Settlements, or Legal Actions

By checking the above box, Offeror declares that the Offeror has not had any Contract Terminations, Settlements, or Legal Actions within the past five years of the date signed hereunder and currently does not have any pending Contract Terminations, Settlements, or Legal Actions.

One or More Contract Terminations, Settlements, or Legal Actions

By checking the above box, Offeror declares that the Offeror has had either one or more Contract Terminations, Settlements, or Legal Actions within the past five years of the date signed hereunder in which case, **Offeror must provide a list for all such contracts** and include: Contract Title, Contract Value, Termination Date, Company Name, Contact Name, Phone Number, and Reason for the Terminations, Settlements, or Legal Actions.

The Offeror acknowledges that City may: reject any declarations that are not accompanied with the required documentation as described above; or reject any Offers wherein Offeror has had any Terminations, Settlements, or Legal Actions that City in its sole discretion deems unacceptable.

DocuSigned by:

Signature:

Edward J. Donahue

C4BD09BEEFB641F...

Name/Title Edward J. Donahue, Director-Environmental Practice

Date: 6/14/2021

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**STANDARD FORM F
INSURANCE COMMITMENT FORM**

Each Offer must be accompanied by this form. Failure to provide this form will cause the Offer to be deemed non-responsive and that Offer will not be considered for further evaluation.

NewGen Strategies and Solutions, LLC

(Offeror's Company Name)

Offeror acknowledges that:

City reserves the right to modify the insurance requirements as set for in the Insurance Requirements section of the Agreement including limits, based on nature of the risk, prior experience, insurer, coverage, or other special circumstances.

City's acceptance and/or approval of Offeror's insurance documents does not and shall not be construed to relieve Offeror of any obligations, responsibilities or liabilities under any resultant Contract.

Offeror's failure to comply with the required insurance as set forth in the Insurance Requirements of the Agreement is a breach of contract, which may result in one or more of the following: suspension of work, suspension or termination of contract, remuneration of procurement costs for obtaining a replacement contractor, and suspension from submitting future offers based on Offeror's default.

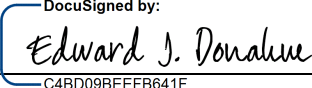
Offeror, at Offeror's sole cost and expense, hereby promises and agrees to:

Acquire required insurance set forth in the Insurance Requirements of the Agreement.

Provide policies of insurance from a company or companies having a current A.M. Best's rating of no less than A:VII and admitted and authorized to transact the business of insurance in the State of California prior to commencing any work and allowing any subcontractor to commence work on any subcontract until it has secured all required insurance unless otherwise permitted or waived in writing by City's Risk Manager.

Maintain in force at all times during the contract term insurance policies as set forth in the Insurance Requirements of the Agreement; replace any policies whose carrier's rating falls below A VII with policies that meet or better the required A VII rating no later than the renewal date of the policy; amend, supplement, or endorse existing insurance policies that do not meet the insurance requirements set forth in the Insurance Requirements.

Offeror certifies, represents, and commits to all the Insurance Requirements of the Agreement.

Signature: 
Name/Title: Edward J. Donahue, Director-Environmental Practice
Date: 6/14/2021

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**STANDARD FORM G
OFFEROR QUALIFICATIONS RESPONSE FORM**

NewGen Strategies and Solutions, LLC

(Offeror's Company Name)

Offerors must have demonstrated trustworthiness, as well as the necessary quality, fitness, capacity, and experience to satisfactorily provide the requirements specified in this Solicitation based on prior experience with city, references, and other available information.

Provide the information requested below. Do not omit or renumber any sections. Refer to attached documents sparingly and only as necessary; and ensure that any documents referred to are numbered according to the outline below.

1. Background.

Please provide the following information about your company:

Your company's full legal name, address, phone, fax, email, website.

NewGen Strategies and Solutions, LLC
911-A Commerce Road, Annapolis, MD 21401
Phone: (443) 951-4207 | Fax: (410) 266-5545
<https://newgenstrategies.net/>

Prior company names (if any) and years in business; mergers, buyouts, etc.

Municipal & Financial Services Group (merged with NewGen in 2019)

Organizational structure (i.e. corp., LLC, sole proprietorship, etc.).

Limited Liability Company

Names and titles of the principal owner(s).

David Yanke, President - CEO
Joseph Mancinelli, President Emeritus
Anthony Georgis, Managing Director - Energy
Christopher Ekrut, CFO
Mike Lane, Director
Maxwell Bernt, Director
Edward Donahue, Director
Allison Trulock, Managing Director - Solid Waste
Scott Burnham, Director
Matthew Garrett, Managing Director - Water / Wastewater
Grant Rabon, Director

Person(s) authorized to make commitments for your company.

Please see above list of principal owners

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Special recognition or awards.

Eric Callocchia is a contributing author to the most recent edition of the Water Environment Federation's Manual of Practice 27 – *Financing and Charges for Wastewater Systems*, an active member of the American Water Works Association (AWWA) Rates and Charges Committee, and a contributing author to the upcoming new edition of AWWA's Manual M1 – *Principles of Water Rates, Fees and Charges*.

Edward Donahue served as chairman of AWWA's Finance, Accounting and Management Controls Committee and currently chairs that organization's GASB 34 Task Force; he is a contributing author and editor for AWWA's Manual M-29, *Capital Financing*, and served the same role for the recent AWWA/GFOA textbook *Financial Management for Water Utilities*.

Michael Maker is an active member of AWWA, WEF and GFOA and a current member of AWWA's Finance, Accounting & Management Controls Committee and Workforce Strategies Committee.

Zak Wright is an Accredited Senior Appraiser with the American Society of Appraisers.

Experience.

Provide the following information relative to required services:

Summary of Experience with similar kinds of work.

NewGen is a professional services firm that focuses on the financial and management aspects of public infrastructure, especially municipal utilities – water, sewer, stormwater, solid waste, electric and gas. More than 90% of our work is in this market; we have (literally) worked for hundreds of public agencies, from Alaska to the Florida Keys, from Maine to southern California. Our eight offices with a professional staff of more than fifty have worked for clients in more than thirty states.

Familiarity with state and federal procedures.

NewGen's market is almost exclusively municipal/governmental utilities – this is our principal business. The firm has worked with local agencies in more than 30 states, with personnel having up to 45+ years of applicable experience.

Experience working with public agencies.

See preceding response – public agencies constitute 95% of our client base.

Narrative of the working relationship with current business references for information not already included in the References Form.

The project management and workplan are indicative and typify our approach to client relationships. We have some client relationships that go back almost 30 years.

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Qualifications.

Provide the following information relative to required services:

Financial responsibility.

NewGen is a financially stable company, with revenues, working capital, and reinvestment in the company growing each year since our launch in 2012. As a sign of our growth, stability, and reputation, NewGen continually wins and performs high profile projects for utilities throughout North America.

ANNUAL REVENUES:

CY 2020	\$11.1M
CY 2019	\$8.7M
CY 2018	\$8.4M

NewGen also believes it is important to give back to the community. Each year NewGen donates 1% of our gross revenues to charitable organizations in the communities in which we are located as a way to share our success with causes that are close to us as a company, or individually. In 2020, a total of \$98,000 was spread amongst 50 organizations nationwide, including the Juvenile Diabetes Research Foundation, Cystic Fibrosis Foundation, and the Cure Alzheimer's Fund. Since our inception, we have donated almost \$400,000 to charities nationwide.

Demonstrated Technical Ability.

Big data analytics has become the staple of innovation as the availability of data has grown exponentially over time. Utilities, in particular, are stewards of a sizable amount of information due to recent technological advances in the industry. Smart metering and other sensors have made operational data easily accessible to utility executives. Many executives see the value in mining this data for insights, but are unsure of where to start. Potential value from this data includes cost reduction, reliability, and customer engagement for the utility and its stakeholders.

In recognition of the value that data and the analysis of said data can bring to utility management, NewGen's data analytics experts deploy the latest in advanced analytics strategy and tools to help utilities better understand their data. While every client is different, NewGen follows the following three key steps in applying our data analytics expertise:

- Our team first identifies key objectives or subject areas and develops a tailored analytics approach to build momentum.
- Second, initial data engineering, including cleaning and merging data, brings out areas that need additional attention and provides a basis for more in-depth analysis.
- Third, the employment of data visualization and modeling provides the utility with a better understanding of the financial and operational impact of their service offerings.

NewGen analytics experts utilize tools such as PowerPivot, Power Query, R, and others as a part of the initial data engineering process. Once the initial data engineering process is complete, dynamic, user-friendly dashboards, presentations, and reports are created utilizing Microsoft Excel, Power BI, and Sway to provide a tailored solution in a comprehensive, visual manner.

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Capability of developing innovative or advanced techniques.

See above.

NewGen develops easy-to-use dynamic and interactive financial Excel models. Our model is capable of producing a series of interactive schedules, each of which addresses a principal topic (O&M costs, debt service, demand/usage, cost of service, etc.). Built into the model is a series of summary-level graphics that can be used as standalone charts (e.g., average bill by year, total outstanding debt by year, cash balance by year, projected rate increases by year, etc.). The graphics are "fed" by the data contained in the model and are produced with no additional effort on the part of the user.

NewGen does not charge any form of licensing fee or royalty for continued use of the model. The model consists of a series of schedules, all linked to facilitate updating and to minimize input errors. The front end of the model will incorporate an interactive dashboard that provides instant feedback on rates, revenues and performance indicators based on assumptions entered by the user.

We will also provide training in how to use and maintain the model. The model, combined with training, will enable staff to readily and easily adjust expenses, revenues, debt financing, capital projects, rates and other financial assumptions over a multi-year period as circumstances change.

Special qualifications, training, credentials.

Eric Callocchia is a contributing author to the most recent edition of the Water Environment Federation's Manual of Practice 27 – *Financing and Charges for Wastewater Systems*, an active member of the American Water Works Association (AWWA) Rates and Charges Committee, and a contributing author to the upcoming new edition of AWWA's Manual M1 – *Principles of Water Rates, Fees and Charges*.

Edward Donahue served as chairman of AWWA's Finance, Accounting and Management Controls Committee and currently chairs that organization's GASB 34 Task Force; he is a contributing author and editor for AWWA's Manual M-29, *Capital Financing*, and served the same role for the recent AWWA/GFOA textbook *Financial Management for Water Utilities*.

Michael Maker is an active member of AWWA, WEF and GFOA and a current member of AWWA's Finance, Accounting & Management Controls Committee and Workforce Strategies Committee.

Zak Wright is an Accredited Senior Appraiser with the American Society of Appraisers.

Staff names, titles, role, qualifications, and experience assigned to this Project.

Eric Callocchia, Executive Consultant | Project Manager

EDUCATION: BA, Economics/Mathematics, Johns Hopkins University

AFFILIATIONS: AWWA, WEF, CWEA, GFOA

AWWA Rates and Charges Committee, Cost of Service Subcommittee

PUBLICATIONS: Contributing Author, WEF MOP 27 – *Financing and Charges for Wastewater Systems*

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Edward Donahue, Director - Environmental Practice | Principal-in-Charge / QA
EDUCATION: MBA, Finance, Government-Business Relations, George Washington University
BS, Accounting, Johns Hopkins University
REGISTRATIONS & CERTIFICATIONS: Certified Management Consultant (U.S., Canada)
AFFILIATIONS: AWWA, WEF, GFOA
Active member of the AWWA Finance, Accounting & Management Controls Committee
PUBLICATIONS: AWWA Manual M-29, *Capital Financing*; AWWA/GFOA textbook *Financial Management for Water Utilities*

Michael Maker, Executive Consultant | Financial Analysis & Simulations
EDUCATION: MBA, Finance, Loyola University (Beta Gamma Sigma Honor Society)
BA, Economics, University of Rochester, Minor: Electrical Engineering
AFFILIATIONS: AWWA, WEF, GFOA
Active member of the AWWA Workforce Strategies Committee and Finance, Accounting & Management Controls Committee

Zak Wright, Senior Consultant | Lead Analyst
EDUCATION: MBA, Belmont University
BBA in Finance, University of Tennessee Knoxville
CERTIFICATIONS & AFFILIATIONS: Accredited Senior Appraiser by the American Society of Appraisers: Machinery & Equipment
Tennessee GFOA

Designated project manager assigned to this Project.

Eric Callocchia

Understanding.

Provide the following information relative to required services:

Understanding of the work to be done based on this Solicitation.

NewGen brings to this project a project team with combined professional experience of almost 100 years. Our principal client service is cost of service and rate studies for municipal utilities (water, sewer, stormwater, solid waste, electric and gas) and similar self-supporting municipal programs. Our first work in California was in the late 1970s with the development of a financial plan to upgrade and maintain San Francisco's wastewater program to comply with the Clean Water Act and a threatened building moratorium, and development of a financial plan to save the El Dorado Irrigation District up in Placerville from insolvency resulting from its Board's refusal to increase rates. NewGen's staff is actively involved in the applicable professional organizations (GFOA, AWWA, WEF, APWA, NWMA, etc.) and has written and edited numerous foundational texts that are the basic financial handbooks for the municipal utility arena.

Include issues that you believe will require special consideration for this Project.

The RFP identifies five services provided by the City of Brea that operate as enterprise funds (or at least as special funds within other City funds). The City's goal is for these

REQUEST FOR PROPOSALS # 2021.05.10.001 for **Utility Rates and Impact Fees Study**

services to be self-supporting, alleviating pressure on the City's General Fund, which (like many other local governments in California) is constrained by the mandates of Prop 13, enacted in the late 1970s. Restating these services as supported by user fees also shifts part of the financial burden to tax-exempt entities that would otherwise not pay any share of the costs of these services. In the recent past, the approval of Prop 26 (requiring any governmental activity supported by property taxes to use such revenues only for the purpose for which the tax was imposed) or Prop 218 (requiring strict accounting of the costs included in rates/fees, and the objective allocation of such costs to those customers/users who benefits directly from the services) have imposed every-tightening constraints on the policy options and procedures available to rate/fee-supported programs and services. One of the most visible effect of Prop 218 is the elimination of the authority of the municipal entity to adopt rate structures in which some group of customers (e.g., senior citizens, low income households, etc.) is perceived as having affordability issues and receives discounts which are paid for by increasing the amounts paid by other customers.

Identify unique approaches or strengths your company has relative to required services.

NewGen's staff has overwhelming experience – the firm is large enough to have worked on almost every kind of study within the various legal and regulatory frameworks as well as local customs across the United States. At the same time, NewGen is small enough to provide very personal service for its clients. NewGen has invested substantially in developing new applications of standard software packages for our clients – for example, taking the time of day metering capabilities long used in the electric industry to applications in the water industry, to support development of data-based incentives to encourage the wise use of water. The financial models we develop become the property of the client without any royalty payments or licensing fees. NewGen is a good citizen as well – the firm gives a percentage of its profits to local charities; to date, the firm has donated more than \$400,000 to local non-profits in the communities in which we work.

Approach.

Provide the following information relative to required services:

Understanding of the work to be done.

NewGen brings to this project a project team with combined professional experience of almost 100 years. Our principal client service is cost of service and rate studies for municipal utilities (water, sewer, stormwater, solid waste, electric and gas) and similar self-supporting municipal programs. Our first work in California was in the late 1970s with the development of a financial plan to upgrade and maintain San Francisco's wastewater program to comply with the Clean Water Act and a threatened building moratorium, and development of a financial plan to save the El Dorado Irrigation District up in Placerville from insolvency resulting from its Board's refusal to increase rates. NewGen's staff is actively involved in the applicable professional organizations (GFOA, AWWA, WEF, APWA, NWMA, etc.) and has written and edited numerous foundational texts that are the basic financial handbooks for the municipal utility arena.

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Adequacy of labor and resources to satisfactorily perform the requested services and meet the City's needs.

NewGen seeks to be a trusted advisor to all our clients. We recognize that to facilitate this relationship, it requires that our Project Teams be available when the need arises so as to be responsive to the unique challenges and opportunities faced by our clients. To facilitate this role, each of NewGen's offices conducts routine meetings wherein we plan and forecast workload to ensure timely and responsive service to each client. At the same time, we recognize that last minute requests may occur which necessitate the provision of immediate service not included in the workload plan. NewGen utilizes the latest technological tools to interconnect its Project Teams, which allow such requests to be quickly assigned and completed, while minimizing the impact to the on-going workload plan. Our proposed Project Manager and Assistant Project Manager will be available to the City and will be responsible for ensuring the City's needs are addressed, and done so with the utmost quality of service.

Names and titles of key management personnel.

Edward Donahue, Director
David Yanke, President - CEO
Joseph Mancinelli, President Emeritus
Anthony Georgis, Managing Director - Energy
Christopher Ekrut, CFO
Mike Lane, Director
Maxwell Bernt, Director
Allison Trulock, Managing Director - Solid Waste
Scott Burnham, Director
Matthew Garrett, Managing Director - Water / Wastewater
Grant Rabon, Director

Team to be assigned for these services.

Eric Callocchia, Executive Consultant
Edward Donahue, Director - Environmental Practice
Michael Maker, Executive Consultant
Zak Wright, Senior Consultant

Submitted by:

DocuSigned by:
Signature: Edward J. Donahue
C4BD09BEEF8041F...
Name/Title Edward J. Donahue, Director-Environmental Practice
Date: 6/14/2021

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for **Utility Rates and Impact Fees Study**

FIRM OFFER FORM

NewGen Strategies and Solutions, LLC

(Offeror's Company Name)

FIRM OFFER made by Consultant to the City of Brea:

I, the undersigned, hereby represent and warrant that I am authorized to submit this Offer on behalf of and to bind the principals who I represent to all the requirements of the City of Brea's Terms & Conditions, Specifications, Scope or Work, any attachments, exhibits, amendments; and I offer and agree to those requirements at the prices set forth in the Offer Form. Further, I understand that no contract exists unless City accepts this Offer by executing the attached Agreement.

Business Name: NewGen Strategies and Solutions, LLC

Business Address: 911-A Commerce Road, Annapolis, MD 21401

Federal ID#: 46-0863326

If any Work is a Public Works

Business Type

(Consultant enter a number)

Contractor Lic#:

6

1. Individual/Sole Proprietor or Single-Member LLC; 2. C Corporation;
3. S Corporation; 4. Partnership; 5. Trust/Estate; 6. Limited Liability Co.

DIR#:

By:

DocuSigned by:

Edward J. Donahue

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Name Edward Donahue

Title Director

Email edonahue@newgenstrategie.net

Date Signed: 6/14/2021

CORPs: Chairperson, President, Vice President;
LLCs: Manager

[Pursuant to California Corporations Code Section 313, both signature lines must be executed unless the signatory holds at least one of the offices designated on each line.]

[Pursuant to California Corporations Code Section 17703.01(d), both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]

By:

DocuSigned by:

Chris D. Ekrut

FB62F346CFA8440...

Name Chris Ekrut

Title CFO

Email cekrut@newgenstrategies.net

Date Signed: 6/14/2021

CORPs: Secretary, Assist. Secretary, Chief
Finance Officer, Assist. Treasurer
LLCs: Manager

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PRICE FORM

NewGen Strategies and Solutions, LLC

(Offeror's Company Name)

Separate and describe your tasks, and associated costs, for the Scope of Services requirements. Attach additional pages if necessary.

Tasks	Description	Rate
1	Revenue Requirements	\$ 11,480
2	Cost of Service Study	\$ 12,100
3	Financial Plan for the Capital Improvement Plan	\$ 8,220
4	Recommended Service Rates	\$ 5,700
5	Recommended Impact Fees	\$ 7,540
6	Effectiveness of Forecasting Methods and Models	\$ 13,360
7	Excel Model	\$ 12,340
8	Reports	\$ 11,760
	Out-of-Pocket Expenses	\$ 6,000
	Project Total Costs (add above lines)	\$88,500

PREPARED BY:





911-A Commerce Road
Annapolis, MD 21401
Phone: (410) 266-9101

Memorandum

To: Cindy Russell, Administrative Services Director, City of Brea
Faith Madrazo, Revenue & Budget Manager, City of Brea

From: Eric Callocchia, Executive Consultant, NewGen Strategies and Solutions, LLC

Date: July 29, 2021

Re: RFP #2021.05.10.001 - Utility Rates and Impact Fees Study Additional Information

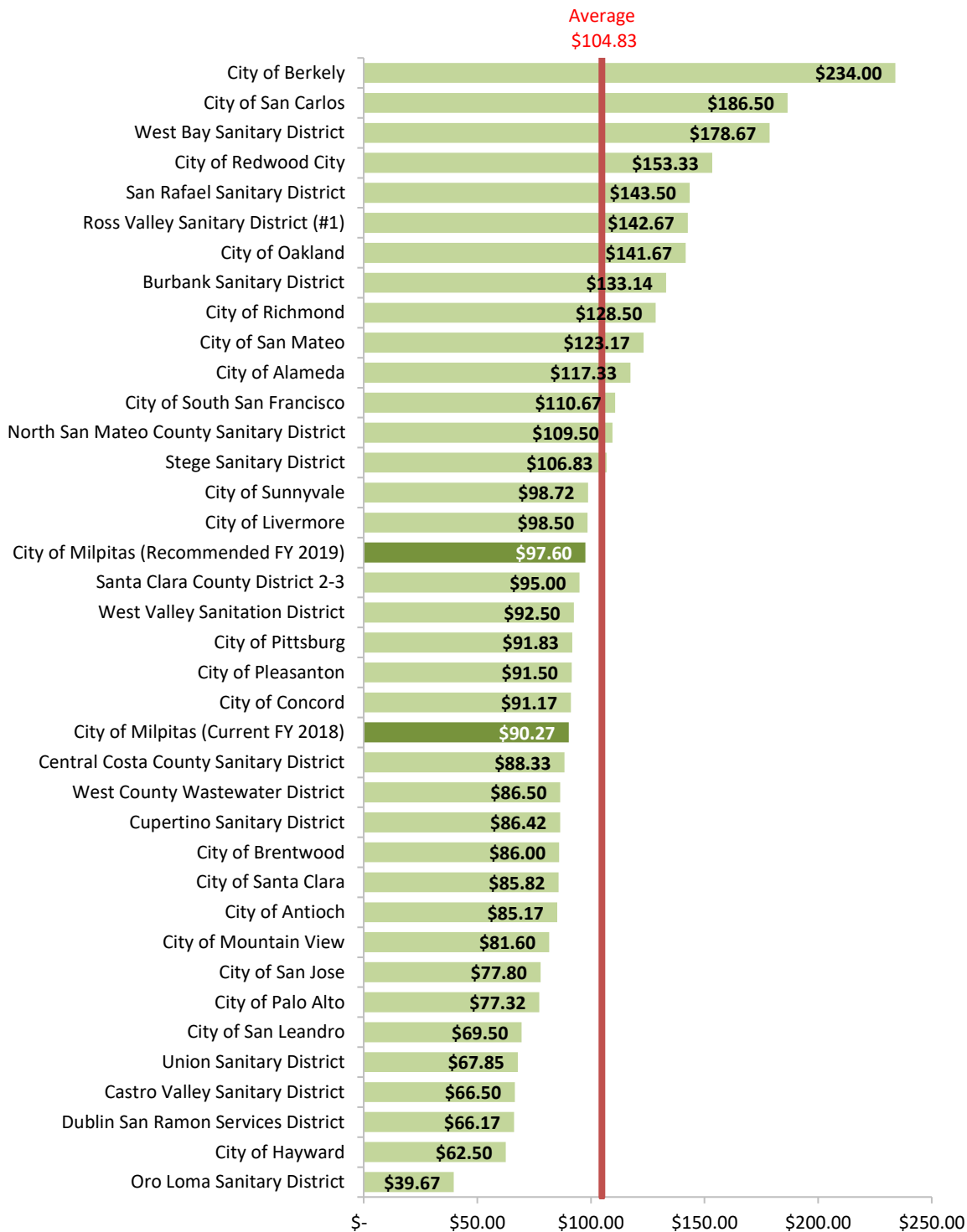
The following material is in response to your requests during our conversation on July 28, 2021. If you have any further questions, please contact me at 443-951-4207 or ecallocchia@newgenstrategies.net.

Regional Bill Comparison

Included in all the proposed scopes of work is a regional bill comparison for the median residential customer of each system. The comparison will be used in both the study reports/presentations and any public outreach materials. Typically, we recommend limiting the comparison utilities to no more than ten, however we will include as many systems requested to meet any specific parameters (system size, location, water supply portfolio, revenue recovery mechanism, etc.). Shown below is the regional bill comparison chart we developed for the City of Milpitas, which shows sewer system within 50 miles of the City with a minimum of 100 miles of collection mains and/or 5.0 million gallons per day (MGD) treatment capacity.

Utility Rates and Impact Fees Study

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Cost Proposals by Study

The following tables each show a task by task breakdown of each study if they were to be conducted independently. Due to the efficiencies possible when conducting concurrent studies, the total of the following cost proposals exceeds the total of the combined cost proposal originally submitted. Most of the cost savings of conducting concurrent studies is in the out-of-pocket expenses related to in-person meetings, however there are also efficiencies when building concurrent financial models.

Water Only

The water study scope and cost includes four in-person meetings and three virtual meetings. Additional meetings would be included at the additional cost detailed later in this memorandum.

		Principal / Officer	Executive Consultant	Executive Consultant				
Water Rate Study		Donahue	Callocchia	Maker	Wright	Analyst	Hours	Total
		\$350	\$225	\$230	\$190	\$135		
Task 1	Revenue Requirements	2	8	2		12	24	\$ 4,580
Task 2	Cost of Service Study	2	4	2	2	12	22	\$ 4,060
Task 3	Financial Plan for the Capital Improvement Plan		4		2	12	18	\$ 2,900
Task 4	Recommended Service Rates		4		2	6	12	\$ 2,090
Task 5	Recommended Impact Fees		4	2	2	6	14	\$ 2,550
Task 6	Effectiveness of Forecasting Methods and Models	2	4	2	2	12	22	\$ 4,060
Task 7	Excel Model		4	2	6	12	24	\$ 4,120
Task 8	Reporting	4	12			8	24	\$ 5,180
	Labor Hours	10	44	10	16	80	160	
	Labor Cost	\$3,500	\$9,900	\$2,300	\$3,040	\$10,800		
						Labor Subtotal		\$ 29,540
						Out-of-Pocket Expenses		\$ 4,000
						Total Proposed Budget		\$ 33,540

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Wastewater Only

The wastewater study scope and cost below includes four in-person meetings and three virtual meetings. Additional meetings would be included at the additional cost detailed later in this memorandum.

		Principal / Officer	Executive Consultant	Executive Consultant				
Wastewater Rate Study		Donahue	Callocchia	Maker	Wright	Analyst	Hours	Total
		\$350	\$225	\$230	\$190	\$135		
Task 1	Revenue Requirements	2	8	2		12	24	\$ 4,580
Task 2	Cost of Service Study	2	4	2	2	12	22	\$ 4,060
Task 3	Financial Plan for the Capital Improvement Plan		4		2	12	18	\$ 2,900
Task 4	Recommended Service Rates		4		2	6	12	\$ 2,090
Task 5	Recommended Impact Fees		4	2	2	6	14	\$ 2,550
Task 6	Effectiveness of Forecasting Methods and Models	2	4	2	2	12	22	\$ 4,060
Task 7	Excel Model		4	2	6	12	24	\$ 4,120
Task 8	Reporting	4	12			8	24	\$ 5,180
Labor Hours		10	44	10	16	80	160	
Labor Cost		\$3,500	\$9,900	\$2,300	\$3,040	\$10,800		
		Labor Subtotal						\$ 29,540
		Out-of-Pocket Expenses						\$ 4,000
		Total Proposed Budget						\$ 33,540

Water and Wastewater Combined

It is common to conduct water and wastewater rate studies concurrently due to the highly efficient relationship of of water and sewer user data. The following table for a combine water and wastewater rate study includes the same number of meetings as each individual study, i.e., four in-person meetings and three virtual meetings.

		Principal / Officer	Executive Consultant	Executive Consultant				
Water and Wastewater Rate Study		Donahue	Callocchia	Maker	Wright	Analyst	Hours	Total
		\$350	\$225	\$230	\$190	\$135		
Task 1	Revenue Requirements	4	8	4		20	36	\$ 6,820
Task 2	Cost of Service Study	4	4	4	4	20	36	\$ 6,680
Task 3	Financial Plan for the Capital Improvement Plan		4		4	20	28	\$ 4,360
Task 4	Recommended Service Rates		8		4	12	24	\$ 4,180
Task 5	Recommended Impact Fees		8	4	4	12	28	\$ 5,100
Task 6	Effectiveness of Forecasting Methods and Models	4	8	4	4	16	36	\$ 7,040
Task 7	Excel Model		8	4	12	16	40	\$ 7,160
Task 8	Reporting	8	24	0	0	8	40	\$ 9,280
Labor Hours		20	72	20	32	124	268	
Labor Cost		\$7,000	\$16,200	\$4,600	\$6,080	\$16,740		
		Labor Subtotal						\$50,620
		Out-of-Pocket Expenses						\$ 4,000
		Total Proposed Budget						\$54,620

Utility Rates and Impact Fees Study

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Stormwater Only

The stormwater study scope and cost includes four in-person meetings and three virtual meetings. Additional meetings would be included at the additional cost detailed later in this memorandum.

		Principal / Officer	Executive Consultant	Executive Consultant					
Stormwater Rate Study		Donahue	Callocchia	Maker	Wright	Analyst	Hours	Total	
		\$350	\$225	\$230	\$190	\$135			
Task 1	Revenue Requirements	2	8	4		12	26	\$ 5,040	
Task 2	Cost of Service Study	2	6	4	4	12	28	\$ 5,350	
Task 3	Financial Plan for the Capital Improvement Plan		6		4	12	22	\$ 3,730	
Task 4	Recommended Service Rates		4		4	6	14	\$ 2,470	
Task 5	Recommended Impact Fees		4	4	4	6	18	\$ 3,390	
Task 6	Effectiveness of Forecasting Methods and Models	2	4	4	4	12	26	\$ 4,900	
Task 7	Excel Model		8	4	12	12	36	\$ 6,620	
Task 8	Reporting	4	12			8	24	\$ 5,180	
Labor Hours		10	52	20	32	80	194		
Labor Cost		\$3,500	\$11,700	\$4,600	\$6,080	\$10,800			
Labor Subtotal								\$ 36,680	
Out-of-Pocket Expenses								\$ 4,000	
Total Proposed Budget								\$ 40,680	

Solid Waste/Street Sweeping Only

The stormwater study scope and cost includes four in-person meetings and three virtual meetings. Additional meetings would be included at the additional cost detailed later in this memorandum.

		Principal / Officer	Executive Consultant	Executive Consultant					
Solid Waste / Street Sweeping Rate Study		Yanke	Callocchia	Maker	Wright	Analyst	Hours	Total	
		\$345	\$225	\$230	\$190	\$135			
Task 1	Revenue Requirements	4	4	4		6	18	\$ 4,010	
Task 2	Cost of Service Study	4	4	4	4	6	22	\$ 4,770	
Task 3	Financial Plan for the Capital Improvement Plan		4		4	6	14	\$ 2,470	
Task 4	Recommended Service Rates		4		4	3	11	\$ 2,065	
Task 5	Recommended Impact Fees		4	4	4	3	15	\$ 2,985	
Task 6	Effectiveness of Forecasting Methods and Models	6	4	4	4	6	24	\$ 5,460	
Task 7	Excel Model		4	4	6	6	20	\$ 3,770	
Task 8	Reporting	6	6			4	16	\$ 3,960	
Labor Hours		20	34	20	26	40	140		
Labor Cost		\$6,900	\$7,650	\$4,600	\$4,940	\$5,400			
Labor Subtotal								\$ 29,490	
Out-of-Pocket Expenses								\$ 4,000	
Total Proposed Budget								\$ 33,490	

Utility Rates and Impact Fees Study

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Cost per Additional Meeting

If additional in-person meetings are requested by the City, the cost to have NewGen's project manager on site for one business day (over which several meetings may be conducted) is as follows:

		Principal / Officer	Executive Consultant	Executive Consultant			
Additional Meetings		Yanke	Callocchia	Maker	Wright	Analyst	Hours
		\$345	\$225	\$230	\$190	\$135	
Task 8	Reporting		10				10
	Labor Hours	0	10	0	0	0	10
	Labor Cost	\$0	\$2,250	\$0	\$0	\$0	
Labor Subtotal							\$ 2,250
Out-of-Pocket Expenses							\$ 1,000
Total Proposed Budget							\$ 3,250

Cost Proposal to Develop Proposition 218 Notices

The following cost proposal includes the level of effort necessary to produce Proposition 218 notices as a part of any of the above referenced studies. This scope envisions one virtual conference call with City staff and City legal council (either internal or external) and the delivery in print-ready PDF format of the Proposition 218 notice.

		Yanke	Callocchia	Maker	Wright	Analyst	Hours	Total
Develop Prop 218 Notice		\$345	\$225	\$230	\$190	\$135		
Task 1	Develop Prop 218 Notice	2	8			8	18	\$ 3,570

From: Eric Callocchia <ecallocchia@newgenstrategies.net>
Sent: Wednesday, August 11, 2021 10:46 AM
To: Madrazo, Faith; Russell, Cindy
Subject: Alternative Rate Structure with City Demand

Faith and Cindy,

Based on my conversation with Faith, the following is in response to your request for a cost to develop an alternative rate projection that includes charging the City for its use of the water and sewer systems. There would be two steps in the process, the first to incorporate projections of the City's usage (this assumes that the usage is being tracked, although it is not being billed). The second is to develop rate projections for all customers using the new total basis for demand, which now includes the City's usage. The result would be rates that align with your current structure but reflect an additional customer base over which costs can be spread. Of course, this results in additional cost pressure on the City. The balance between those additional costs and the impact on existing customers is a key decision point in this analysis. Our cost for including this in the water/wastewater study is as follows:

		Principal / Officer	Executive Consultant	Executive Consultant			
		Donahue	Callocchia	Maker	Wright	Analyst	Hours
Alternative Rate Structure to Include City Demand		\$350	\$225	\$230	\$190	\$135	Total
Task 1	Incorporate City Demand Projections		8	2	8	12	30 \$ 5,400
Task 2	Develop Revenue Neutral Rate Projections		8	2	8	12	30 \$ 5,400
	Labor Hours	0	16	4	16	24	60
	Labor Cost	\$0	\$3,600	\$920	\$3,040	\$3,240	
Labor Subtotal							\$ 10,800
Out-of-Pocket Expenses							\$ -
Total Proposed Budget							\$ 10,800

Thanks, and let me know if you need anything else!

Eric Callocchia | NewGen Strategies & Solutions, LLC
Executive Consultant

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 Please visit us at www.newgenstrategies.net