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| REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO | CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) 3000006293 |
|--|--|

| | | |
|---------------------|---|---------------------|
| TO: CITY COUNCIL | FROM (ORIGINATING DEPARTMENT): Public Utilities - Wastewater | DATE: 06/25/2013 |
|---------------------|---|---------------------|

SUBJECT: Amendment No. 2 to Water/Wastewater Cost of Service contract with Black & Veatch Management Consulting

| | |
|--|---|
| PRIMARY CONTACT (NAME, PHONE): David Stallman ,(858)614-5745 MS 901 | SECONDARY CONTACT (NAME, PHONE): Jeanne Cole , (858)292-6313 MS 901A |
|--|---|

COMPLETE FOR ACCOUNTING PURPOSES

| | | | | | |
|------------------------------|--------------|--------------|------|------|------|
| FUND | 700000 | 700011 | | | |
| DEPT / FUNCTIONAL AREA | | | | | |
| ORG / COST CENTER | 2000111211 | 2000111211 | | | |
| OBJECT / GENERAL LEDGER ACCT | 512059 | 512059 | | | |
| JOB / WBS OR INTERNAL ORDER | | | | | |
| C.I.P./CAPITAL PROJECT No. | | | | | |
| AMOUNT | \$229,715.00 | \$329,715.00 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|------------------------------|------|------|------|------|------|
| FUND | | | | | |
| DEPT / FUNCTIONAL AREA | | | | | |
| ORG / COST CENTER | | | | | |
| OBJECT / GENERAL LEDGER ACCT | | | | | |
| JOB / WBS OR INTERNAL ORDER | | | | | |
| C.I.P./CAPITAL PROJECT No. | | | | | |
| AMOUNT | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

COST SUMMARY (IF APPLICABLE): Original Contract amt. \$236,930

Water: \$129, 430 Wastewater: \$107,500

Amendment 1: \$146,350
Water: \$76,510 Wastewater: \$69,840

Amendment 2: \$559,430
Water: \$329,715 Wastewater: \$229,715

Total: \$535,655 \$407,055

Grand Total: \$942,710

ROUTING AND APPROVALS

| | | | |
|-------------------------|---------------------|--------------------|-------------|
| CONTRIBUTORS/REVIEWERS: | APPROVING AUTHORITY | APPROVAL SIGNATURE | DATE SIGNED |
|-------------------------|---------------------|--------------------|-------------|

| | | | | |
|---|--|---------------------------------------|---------------------------------------|----------------------------------|
| Environmental Analysis | | ORIG DEPT. | Sasaki, Ann | 7/1/2013 |
| Financial Management | | CFO | | |
| Equal Opportunity Contracting | | DEPUTY CHIEF | | |
| Comptroller | | COO | | |
| Liaison Office | | CITY ATTORNEY | | |
| | | COUNCIL PRESIDENTS OFFICE | | |
| PREPARATION OF: | <input checked="" type="checkbox"/> RESOLUTIONS | <input type="checkbox"/> ORDINANCE(S) | <input type="checkbox"/> AGREEMENT(S) | <input type="checkbox"/> DEED(S) |
| <p>1. The Mayor or his designee is authorized to execute Amendment No. 2 to the agreement with Black & Veatch Corporation for services related to the second phase of the Cost of Service Study in the amount not to exceed \$559,430; and</p> <p>2. The Chief Financial Officer is authorized to expend an amount not to exceed \$559,430 for Amendment No. 2, comprised of \$329,715 from the Water operating fund 700011, and \$229,715 from the Wastewater operating fund 700000, to the Cost of Service Study agreement with Black & Veatch Corporation, for the purpose of executing this amendment to the agreement.</p> | | | | |
| STAFF RECOMMENDATIONS: Approve the resolution. | | | | |
| SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION) | | | | |
| COUNCIL DISTRICT(S): | Citywide | | | |
| COMMUNITY AREA(S): | Citywide | | | |
| ENVIRONMENTAL IMPACT: | This activity is not a "project" and is therefore not subject to CEQA pursuant to State CEQA Guidelines Section 15060(c)(3). | | | |
| CITY CLERK INSTRUCTIONS: | | | | |

**COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: 06/25/2013

ORIGINATING DEPARTMENT: Public Utilities - Wastewater

SUBJECT: Amendment No. 2 to Water/Wastewater Cost of Service contract with Black & Veatch Management Consulting

COUNCIL DISTRICT(S): Citywide

CONTACT/PHONE NUMBER: David Stallman /(858)614-5745 MS 901

DESCRIPTIVE SUMMARY OF ITEM:

The Public Utilities Department is seeking the award of Amendment No. 2 to the existing four year contract (May, 2012 – May 2016) for the Water and Wastewater Cost of Service Studies (COSS) with Black and Veatch Corp. (“B&V”) for an additional amount not to exceed \$559,430, which includes exercising the option year for a five year contract duration to May, 2017, bringing the total contract amount to \$942,710.

STAFF RECOMMENDATION:

Approve the resolution.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The water and wastewater systems are owned by the City of San Diego and as of July 1, 2009, are jointly operated by the City through the Public Utilities Department (the “Department”). Both the water and the wastewater systems are among the most complex water/wastewater systems in the nation. Such sizeable systems require continuous upgrades and replacement of their aging components to meet current building standards, updated Safe Drinking Water Standards, and complying with the sewage discharge requirements under Federal law. The Department is continuing a multi-year capital improvement program to meet the regulatory requirements, and upgrade its infrastructure.

In May 2012, the City entered into an agreement with B&V to perform COSS for \$236,930 and the goal was to develop recommendations for the establishment of future fair and equitable water and wastewater rates for the Department’s customers.

In November 2012, the City amended the agreement with B&V(See Amendment No. 1 attached) in order to have additional public outreach and additional research tasks that will affect Water and Wastewater’s cost of providing service, including: 1) to assist the Department with the analysis of potential contracts for providing up to 7 million gallons per day of secondary effluent from the North City Water Reclamation Plant to a large customer(s); 2) review San Diego County Water Authority (CWA) rates using accepted cost of service principals and make recommendations; and 3) additional rate related services in Fiscal Year 2013, which may include, but is not limited to: business case analyses of public-private partnership proposals; and attendance at meetings to support contract rate negotiations services. The First Amendment increased the Agreement compensation amount by \$146,350 to a not-to-exceed amount of \$383,280.

To date, B&V has analyzed revenue, expenditure, and debt obligations for the Utilities; provided new Water and Wastewater finance models; has been attending Independent Rates Oversight Committee (IROC) and NR&C meetings, and has had briefings with the Mayor and Council members and their respective staffs, and other meetings to update customers and water/wastewater stakeholders on the financial status and needs of the Department.

B&V was originally brought on board, via the City's Request for Proposal (RFP) process to develop a four to five year rate case, as has been the past practice for both the Water and Wastewater Branches of the Department. It became evident early on, that the rate case should be shortened to two years (Fiscal Years 2014 and 2015), because of the several significant issues facing the Department starting in Fiscal Year 2016, e.g., Indirect Potable Reuse, Renewal of the Waiver for the Point Loma Wastewater Treatment Plant and the impact on rates from CWA's commitment to desalination. Amendment No. 2 will take these issues into account when producing the Phase II rate case. The anticipated modifications will result in rate cases for the next two to five years, starting in Fiscal Year 2016. Amendment No. 2 will also provide for B&V to assist Department staff with the City's input with CWA for determining desalination rates. Lastly, Amendment No. 2 provides \$150,000 more for Additional Services, comprising \$241,250 of the total agreement amount.

Amendment No. 2 would authorize an additional compensation of up to \$559,430 to a total contract, not-to-exceed amount of \$942,710. The detail breakdown of the total additional scope is provided in Amendment No. 2 attached.

FISCAL CONSIDERATIONS:

The total cost of the amendment to the agreement with B&V is for an amount not-to-exceed \$559,430, comprised of \$329,715 from the Water operating fund 700011, and \$229,715 from the Wastewater operating fund 700000, for professional services related to the completion of the identified scope of services.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

This agreement was subject to the City's Equal Opportunity Contracting (San Diego Ordinance NO. 18173, section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

Amendment No. 1 to this contract was approved by the Committee on September 19, 2012; and approved by Council, on consent on October 16, 2012.

This item will be heard at the Natural Resources and Culture Committee on September 25, 2013.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Since the inception of the study, as a result of this agreement, the Department has held numerous open meetings with interested parties, presented in public meetings of the Independent Rates Oversight Committee, as well as the Metro Commission.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders are the City of San Diego and the Public Utility Department customers.

Sasaki, Ann
Originating Department

Deputy Chief/Chief Operating Officer

DOCKET SUPPORTING INFORMATION
CITY OF SAN DIEGO

DATE:

EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION

July 31, 2013

SUBJECT: Amendment No. 2 to Water /Wastewater Cost of Service contract with Black & Veatch Management Consulting

GENERAL CONSULTANT INFORMATION

Recommended Consultant: Black & Veatch Corporation (Non certified)

Amend #2 Action Amount: \$ **559,430. (Not to Exceed)**
Amendment # 1 Amount: \$ 146,350.
Original Contract Amount: \$ 236,930. **
Cumulative Contract Amount: \$ 942,710. (Not to Exceed) *

Funding Source: City

Goal: 20% Voluntary

SUBCONSULTANT PARTICIPATION

| | <u>This Action</u> | | <u>Cumulative</u> | |
|--|--------------------|--------------|---------------------|------------------|
| Katz & Associates (SWBE – F Cauc) | \$ 000.00 | <u>0.00%</u> | \$ 92,402.70 | <u>39.00% **</u> |
| Total Subcontractor Participation | \$ 000.00 | 0.00% | \$ 92,402.70 | 9.80% * |

** see original Sub-Contractors List submitted with RFP 10020688-12-C

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

Equal Opportunity: Required

Black & Veatch Corporation has submitted a Work Force Report for their San Diego employees dated April 16, 2013 indicating 62 employees in the Administrative Work Force. The Administrative Work Force Analysis indicates under-representations in the following categories:

Hispanic in Administrative Support and Services
Asian and Filipino in Services
Female in Mgmt & Financial, Professional and Services

An approved EO Plan submitted March 5, 2012 is on file with EOC. Staff will continue to monitor their compliance with plan submitted.

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2702) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517)

ADDITIONAL COMMENTS

L:\All EOC Docs\1472 B pages\RW\Amendment # 2 Cost of Service contract - Black & Veatch 073113.docx

Document No. C-15789 filed May 10, 2012; 10020688-12-C-RFP, bid submitted by Black & Veatch Corp listed subconsultant Katz & Associates commitment of SLBE/WBE @ 39% of original contract amount equals \$ 92,402.70

Per Black & Veatch contract activity report dated 7/17/13. Actual performance for Katz & Associates indicates \$ 4,367.50 to date.

Due to the actual decreased sub participation level versus the original Black & Veatch bid submittal commitment EOC does not recommend further amendments without increase in the Katz participation level on which the initial RFP was evaluated for compliance.

RW

CONTRACT ACTIVITY REPORT

Proposers are required by contract to report Sub-Contractors activity in this format. Reports shall be submitted via the Project Manager to the *Equal Opportunity Contracting Program (EOCP)* no later than thirty (30) days after the close of each quarter.

PROJECT: Water + Sewer COS Study PRIME CONTRACTOR: Black + Veatch Corporation
 CONTRACT AMOUNT: \$383,280 INVOICE PERIOD: April - June 2013 DATE: 7/17/13

Include Additional Services Not-to-Exceed Amount

| Sub-Contractors | Indicate SLBE, ELBE, MBE, WBE, DBE, DVBE or OBE | Current Period | | Paid to Date | | Original Commitment | |
|--------------------------|---|-------------------|---------------|-------------------|---------------|---------------------|---------------|
| | | Dollar Amount | % of Contract | Dollar Amount | % of Contract | Dollar Amount | % of Contract |
| <u>Katz + Associates</u> | | <u>\$1,755.00</u> | <u>0.5%</u> | <u>\$2,612.50</u> | <u>0.7%</u> | <u>\$79,605.00</u> | <u>20.8%</u> |
| | | | | | | | |
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| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Prime Contractor Total: | | | | | | <u>\$303,675</u> | <u>79.2%</u> |
| Contract Total: | | | | | | <u>\$383,280</u> | <u>100%</u> |

Completed by: Brian Jewett, Black+Veatch

To date, most of the Public Outreach on this project has been directed to IROC and the City Council. PUD has directed Black+Veatch to attend IROC + City Council meetings specifically to present the technical subject matter related to the project. In this phase of the project, Katz and Associates has not been utilized. However, we anticipate they will be used beginning in September.

The City of San Diego
 COMPTROLLER'S CERTIFICATE

CERTIFICATE OF UNALLOTTED BALANCE

CC 300006293

ORIGINATING BUSINESS AREA: 2000

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____ Fund: _____

Purpose: _____

Date: _____ By: Rob Ruscitto
 COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA

| Item | Fund | Funded Program | Internal Order | Funcional Area | G/L Account | Business Area | Cost Center | WBS | Original Amount |
|--------------|------|----------------|----------------|----------------|-------------|---------------|-------------|-----|-----------------|
| | | | | | | | | | \$0.00 |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL AMOUNT | | | | | | | | | \$0.00 |

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: \$559,430.00

Vendor: Black & Veatch Management Consulting

Purpose: Authorize the Second Amendment for consulting services related to the second phase of the Cost of Service Study(COSS) of future fair and equitable water and wastewater rates for the Public Utilities Department's Customers.

Date: August 12, 2013 By: Rob Ruscitto *RR*
 COMPTROLLER'S DEPARTMENT

| ACCOUNTING DATA | | | | | | | | | |
|-----------------|--------|----------------|----------------|------------------|-------------|---------------|-------------|-----|-----------------|
| Doc. Item | Fund | Funded Program | Internal Order | Funcional Area | G/L Account | Business Area | Cost Center | WBS | Original Amount |
| 01 | 700000 | | | OTHR-00000000-SU | 512059 | 2000 | 2000111211 | | \$279,715.00 |
| 02 | 700011 | | | OTHR-00000000-WU | 512059 | 2000 | 2000111211 | | \$279,715.00 |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL AMOUNT | | | | | | | | | \$559,430.00 |

FUND OVERRIDE

AMENDMENT NO. 2
TO THE
AGREEMENT
BETWEEN
THE CITY OF SAN DIEGO
AND
BLACK & VEATCH CORPORATION
FOR
WATER AND WASTEWATER
COST OF SERVICE STUDY
RFP 10020688-12-C

RECEIVED JUL 10 2012

WHEREAS, on May 7, 2012, the City of San Diego (City) entered into an Agreement with Black & Veatch Corporation (Contractor) for professional consulting services to conduct a new Cost of Service Study (COSS) for water and wastewater funds during the period of Fiscal Year 2014 through Fiscal Year 2017 (Agreement); and

WHEREAS, on October 25, 2012, the City and the Contractor executed Amendment No. 1 to the Agreement (the original of which is on file in the Office of the City Clerk as Document No. RR-307741), which increased the contract value to \$383,280.00 and revised the Scope of Services; and

WHEREAS, the City and the Contractor mutually desire to increase the scope of services to have the Contractor provide from two to five years water and wastewater rate cases, in order to consider additional impacts such as Desalination, Indirect Potable Reuse, (IPR), and renewal of the Point Loma Waiver, and also have the Contractor continue to provide ongoing business advisory services, which will result in realignment of the task funding and will increase the maximum compensation from \$383,280.00 by \$559,430.00 to \$942,710.00;

NOW THEREFORE, the CITY and the Contractor mutually agree to amend the Agreement as follows:

- 1.0 Replace Existing Price Schedule B-1 with Exhibit B-2.
- 2.0 The maximum compensation payable to the Contractor for performance of the Scope of Services shall not exceed \$942,710.00.

3.0 Revise Section C Scope of Services:

The Scope of Services is amended to include additional work as set forth in Exhibit C-2.

- 4.0 Contract Term. The City hereby exercises its option under Section I.05 "Option to Extend Services/Term" to extend the term of the agreement for an additional year. The Agreement shall now terminate on May 7, 2017.

5.0 This Amendment No. 2 to the Agreement shall affect only the page(s), paragraph(s), and/or term(s) and conditions referred to herein. All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 2 to the Agreement between the City of San Diego and Black & Veatch Corporation for Water and Wastewater Cost of Service Study (RFP 10020688-12-C) is executed by the City of San Diego acting by and through its Mayor, or his designee, pursuant to Resolution No. R-_____ authorizing such execution, and by Black & Veatch Corporation.

CONTRACTOR
Black & Veatch Corporation

THE CITY OF SAN DIEGO
a Municipal Corporation

By: John M. Cierullo
Title: President

By: _____
Dennis Gakunga
Purchasing & Contracting
Director



Date: July 15, 2013

Date: _____

I HEREBY APPROVE the form and legality of the foregoing AMENDMENT this
15th day of July, 2013.

Legal
Date 7-15-13
Approved JPS

PM
Date July 15, 2013
Approved PM

JAN I. GOLDSMITH, City Attorney

By: _____
Deputy City Attorney

EXHIBIT B-2

FEE AND COMPENSATION SCHEDULE

| Task description | Estimated Hours per Task | Hourly Rate** | Task Fee |
|--|--------------------------|---------------|---------------------|
| Task 1: Project Initiation and Management | 270 | \$145 - \$245 | \$56,350 |
| Task 2: Detailed Data Review | 437 | \$145 - \$245 | \$89,190 |
| Task 3 - Rate and Allocation Development | 752 | \$145 - \$245 | \$140,815 |
| Task 4: Public Outreach | 747 | \$145 - \$245 | \$168,930 |
| Sub - Katz | 592 | \$75 - \$210 | \$79,605 |
| Task 5 - Additional As-Needed Services * | ----- | ----- | \$241,250 |
| Task 6- Assistance with Contract Development | 110 | \$145 - \$245 | \$22,870 |
| Task 7 - CWA Rate Review | 128 | \$145 - \$245 | \$29,540 |
| Direct Expenses | | | \$15,160 |
| Task 8 -Business Advisory Support | 426 | 145 - \$245 | \$99,000 |
| Total: | 3,462 | | \$942,710.00 |

* Additional Services include services which may be required for completion of the Project, but which, due to lack of firm definition of scope and limits at the time of entering into this Agreement, could not be identified with precision. Because the need for these Additional Services is not absolutely established, such Additional Services shall not be undertaken by the Contractor without specific definition and written authorization from the Mayor or designee. Specific authorizations shall include the scope of work, deliverables, schedule, compensation and payment provisions.

** Denotes fee based on work being performed by several labor classifications.

Pricing for Additional Services Professional Rate Schedule

| Labor Classification | Hourly Rate \$ |
|---|----------------|
| Analyst/Senior Analyst | \$100 - \$145 |
| GIS Technician | \$130 - \$140 |
| Consultant | \$140 - \$170 |
| Task Lead | \$180 - \$200 |
| Technical Advisors | \$200 - \$250 |
| Public Outreach Lead | \$210 |
| Public Outreach Project Manager | \$155 |
| Public Outreach Assistant Project Manager | \$75 |
| Black & Veatch Project Manager | \$230 |
| Project Director | \$245 |

Other Direct Costs

Other Direct costs are those cost elements that are billed on a direct cost basis, other than direct labor. The basis for compensation is either actual cost billing rate, or as specified below. Only the following cost elements are billable on a direct cost basis.

| Other Direct Costs | Basis for Compensation |
|--------------------|------------------------|
| | |
| | |
| | |

EXHIBIT C-2

Amended Scope of Services for the 2012 Cost of Service Study (COSS) with Black and Veatch Corporation (B&V)

B&V was originally brought on board to develop a four to five year rate case, as has been the past practice for both the Water and Wastewater Branches of the Department. It became evident early on, that the rate case should be shortened to two years (Fiscal Years 2014 and 2015), and should be considered Phase I of a two phase rate case, because of the several "Significant Issues" facing the Department starting in Fiscal Year 2016, e.g., Indirect Potable Reuse (IPR), Renewal of the Waiver for the Point Loma Wastewater Treatment Plant and the impact on rates from San Diego County Water Authority's (CWA) commitment to desalination.

Phase II of the rate case will result in a rate case for the next two to five years, starting in Fiscal Year 2016. Based on the experience of the level of effort that has been required to complete Phase I during these tough economic times, we anticipate each of the Significant Issues will require an even further increased effort in Phase II. Following is the amended scope of work for the following tasks and the inclusion of new tasks:

Task 1 – Project Initiation and Management: Similar to Phase I of the COSS, the objective of this task will be to provide an opportunity for City staff and B&V to review study goals and objectives for the up to five year Phase II rate case. We will discuss the overall approach and strategies, general project coordination; define targets and deliverables, and administrative activities that will arise during the course of the study. The major elements of this Phase II COSS will focus on incorporating impacts to the City due to the Significant Issues (listed above). B&V will be completing the development of the water and wastewater rate models with the Phase I COSS, then updating the models with the effects of the Significant Issues in Phase II.

Task 2 – Data Review: This task will include a detailed update of assumptions made in Phase I of the COSS such as: usage volumes and number of customers served by class, and development of projections for the future up to five year Phase II rate case. The results of this analysis will provide the foundation for estimating future revenue levels under existing and proposed rates and provide a basis for estimating certain operating expenses.

Task 3 – Rate and Allocation Development: The three main components of a COSS are: 1) Determining the revenue requirements of the Water and Wastewater enterprises; 2) Allocating costs amongst the customer classes; and 3) Rate design. In Phase II of the COSS, B&V will be asked to do a reset of the assumptions used in Phase I that covered Fiscal Years 2014 and 2015, while adding the effects of the new assumptions related to the Significant Issues listed above. In addition, the Significant Issues will require B&V to re-analyze their effects on capacity charge requirements. Capacity charges went through an extensive analysis in Phase I of the COSS. Due to the fact that the vast majority of capital projects ongoing are not expansion related, and the pending policy decisions on IPR and the waiver could greatly alter this status, City staff

determined it was best to leave the capacity charge unchanged for the next two years. As with Phase I, Phase II's capacity fee study will require the complete scope of capacity fee analysis as detailed in the scope of services in the original agreement, but with the additional information related to the pending policy decisions.

Task 4 – Public Outreach: Because the Significant Issues will require extensive outreach efforts, we anticipate up to 45 meetings with elected and appointed officials and various stakeholder groups during the course of the Phase II study. These meetings will include City Council meetings, Natural Resources & Culture (NR&C) Committee meetings, Mayor and Councilmember briefings, Metro Wastewater Joint Powers Authority and subcommittee meetings, IROC full committee and sub-committee meetings, as well as additional stakeholder/community meetings. B&V will prepare presentation materials for all of these meetings with the assistance of our sub-consultant: Katz and Associates. For this analysis we anticipate the following meeting categories and number of meetings:

- City Council— 2 meetings
- Natural Resources & Culture Committee (NR&C)— 2 meetings
- Individual Mayor and Councilmember Briefing Sessions— 2 meetings with Mayor & 2 meetings with each Councilmember (total 20 meetings)
- Metro Wastewater Joint Powers Authority and subcommittees – 5 meetings
- Independent Rate Oversight Committee (IROC), Full Committee — 5 meetings
- Independent Rate Oversight Committee (IROC), Finance Sub-Committee — 3 meetings
- Community meetings/Outside stakeholders meetings (e.g. Chamber of Commerce, San Diego Taxpayers Association)/open house/town hall or other appropriate format—8 meetings

Task 5 – Additional As-Needed Services for Fiscal Years 2015, 2016 and 2017:

Task 8 - CWA Cost of Service Study Review and On-going Business Advisory Support Services: At the request of the City, B&V will support City staff in evaluating CWA's COSS that will be taking place during Fiscal Year 2014 as it relates to the impacts on pricing from CWA's decision to commit to purchasing a minimum of 48,000 acre feet per year of desalinated water from the Carlsbad Desalination plant. B&V will be asked to attend CWA meetings, as necessary, make presentations to the City's representatives on CWA's Board ("City 10"), IROC and City Council as requested.

END

AMENDMENT NO. 1
TO THE
AGREEMENT
BETWEEN
THE CITY OF SAN DIEGO

AND
BLACK & VEATCH ~~MANAGEMENT CONSULTING CORPORATION~~
FOR
WATER AND WASTEWATER
COST OF SERVICE STUDIES

WHEREAS, on May 7, 2012, the City of San Diego (City) entered into an Agreement with Black & Veatch ^{Corporation} ~~Management Consulting~~ (Contractor) for professional consulting services to conduct a new cost of service study (COSS) for water and wastewater funds for Fiscal Year 2014 through Fiscal Year 2017 (Agreement); and

WHEREAS, the City and the Contractor mutually desire to increase the scope of services to have the Contractor further assist the City in public outreach efforts and to analyze additional areas impacting water and wastewater rate development; and

WHEREAS, the City and the Contractor mutually desire to increase the maximum compensation amount of \$236,930 by \$146,350 to \$383,280;

NOW THEREFORE, the City and the Contractor mutually agree to amend the AGREEMENT as follows:

1.0 Revise Section B: Price Schedule:

The CITY shall pay the Contractor an amount not to exceed \$383,280 based on the attached Exhibit B-1.

2.0 Revise Section C: Scope of Services:

Revise Section C to include Exhibit C-1 attached to this Amendment No. 1.

3.0 This Amendment No. 1 to the AGREEMENT shall affect only the page(s), paragraph(s), and/or term(s) and conditions referred to herein. All other terms and conditions of the AGREEMENT shall remain in full force and effect.

IN WITNESS WHEREOF, this AMENDMENT NO. 1 is executed by the City of San Diego, acting by and through its Mayor or designee pursuant to Municipal Code section 22.3206 authorizing such execution, and by Black & Veatch.

CONTRACTOR Corporation
~~Black & Veatch Management Consulting~~

THE CITY OF SAN DIEGO
a Municipal Corporation

By: James R. Lushy

Title: Vice President

Date: October 1, 2012

copy by NB 9-28-12

By: Ed Plank

Ed Plank
Purchasing & Contracting
Interim Director

Date: 11-21-2012

I HEREBY APPROVE the form and legality of the foregoing AMENDMENT this 26 day of NOV, 2012.

JAN I. GOLDSMITH, City Attorney

By: [Signature]
Deputy City Attorney

EXHIBIT B-1

FEE AND COMPENSATION SCHEDULE

| Task description | Estimated Hours per Task | Hourly Rate | Task Fee |
|---|--------------------------|-------------|------------------|
| Task 1: Project Initiation and Management | 30 | \$180 | \$5,400 |
| Task 2: Detailed Data Review | 70 | \$170 | \$11,900 |
| Task 3 – Rate and Allocation Development | 385 | \$165 | \$63,525 |
| Task 4: Public Outreach** | 210 | | \$47,480 |
| Sub - Katz | 699 | | \$102,155 |
| Task 5 – Additional As-Needed Services * | ----- | ----- | \$93,560 |
| Task 6 – Assistance with Contract Development** | 110 | | \$22,870 |
| Task 7 - CWA Rate Review** | 128 | | \$29,540 |
| Direct Expenses | | | \$6,850 |
| Total: | | | \$383,280 |

* Additional Services include services which may be required for completion of the Project, but which, due to lack of firm definition of scope and limits at the time of entering into this Agreement, could not be identified with precision. Because the need for these Additional Services is not absolutely established, such Additional Services shall not be undertaken by the Contractor without specific definition and written authorization from the Mayor or designee. Specific authorizations shall include the scope of work, deliverables, schedule, compensation and payment provisions.

** Denotes fee based on work being performed by several labor classifications.

Pricing for Additional Services
Professional Rate Schedule

| Labor Classification | Hourly Rate \$ |
|------------------------|----------------|
| Analyst/Senior Analyst | \$100 - \$145 |
| GIS Technician | \$130 - \$140 |
| Project Director | |
| Task Lead | |
| Technical Advisors | |
| | |

Other Direct Costs

Other Direct costs are those cost elements that are billed on a direct cost basis, other than direct labor. The basis for compensation is either actual cost billing rate, or as specified below. Only the following cost elements are billable on a direct cost basis.

| Other Direct Costs | Basis for Compensation |
|--------------------|------------------------|
| | |
| | |
| | |
| | |
| | |
| | |

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

EXHIBIT C-1

Amended Scope of Services for the 2012 Cost of Service Study (COSS) with Black and Veatch Corporation (B&V)

Since the original COSS contract was awarded in May, 2012, Public Utilities management has identified the need for additional public outreach related to the COSS, as well as additional research tasks that will affect water and wastewater's cost of providing service. Following is the revised scope of work for the following tasks and the inclusion of tasks 6 and 7:

Task 4 - Additional Public Outreach: Black & Veatch (Contractor) will attend (4) IROC meetings; (1) City Council Meeting; (5) NR&C meetings, including staff meetings; (1) meeting with representatives of Commercial & Industrial customer base; (1) Representatives of Multi-family customer base (e.g., Apartment Association); (1) Meeting with the Building Industry Association; (4) Briefings with Mayoral and Councilmember staff; (4) Water Stakeholder groups, e.g., Chamber of Commerce and SD County Taxpayer's Assoc.; (10) Community Town Hall, or other appropriate event to provide outreach to each Council district.

Task 5 – Additional As-Needed Services for Fiscal Year 2013: The original contract has a budget for miscellaneous As-Needed services for Fiscal Years 2014, 2015 and 2016 with a Department option for a fifth year. The Department is requesting a similar arrangement for Fiscal Year 2013 for additional rate related tasks, which may include, but is not limited to: business case analyses of public-private partnership proposals; and attendance at meetings to support contract rate negotiations.

Task 6 - Assistance with Effluent Pricing Options: Contractor will provide assistance in developing Pricing Options for the various potential effluents (secondary, tertiary or advanced water treatment) from the North City Water Reclamation Plant (NCWRP) for up to 7 million gallons per day to a large customer(s). Contractor will be required to review existing City contracts with industrial wastewater customers; evaluate contracting alternatives that address long term operations and maintenance, and capital expenses; determine an appropriate commodity rate for return brine feed treatment; determine an appropriate methodology assessing capacity fees; and develop appropriate commodity rates.

Task7 - CWA Rate Review: Contractor will provide a high level review of CWA's existing and proposed rate structure and evaluate whether the rate the City is charged is equitable under industry standard Cost of Service principles.

END

Internal Routing Slip

| | | | |
|-------------|------------------------------|--|--------------------------------|
| Originator: | DAVID STALLMAN / JEANNE COLE | | |
| Subject: | Project Name: | Water and Wastewater Cost of Service Studies | |
| | Vendor Name: | BLACK and VEATCH | Action Type: EXECUTE AGREEMENT |



Assigned PUM Routing #:

PUM - 12021

received
2/17/2012

BW

Please reference this number in all related communications.

| Seq # | Route To: | Date | Initials | Copy |
|-------|---|---------|----------|------|
| 1 | Originator: DAVID STALLMAN / JEANNE COLE | 2/17/12 | JS | Yes |
| | Deputy Directors: <input type="checkbox"/> Guann Hwang (EPM) <input type="checkbox"/> Steve W. Meyer (EMTS) <input type="checkbox"/> Stan Griffith (WWC) <input type="checkbox"/> Sue Lanier (ES&QA) <input type="checkbox"/> K. C. Shankles (WWTD) | | | |
| 2 | Analyst: ENID WATNOCK | 2/20/12 | EW | Yes |
| 3 | Sr Contract Specialist: Teri Juybari/Wayne Heldibridge | 2/22/12 | TJS | Yes |
| 4 | Analyst: Belinda Wesson | 2/24/12 | BW | NO |
| 5 | Sr Mgmt Analyst: MARY CAROL Marissa Perez / Becky Weber | 2/22/12 | MC | YES |
| 6 | Supv Mgmt Analyst: David Bryant (CIP) / Rex Raguos (O&M) | 2/22/12 | DR | NO |
| 7 | Program Manager: Tom Haynes | 2/23/12 | TH | No |
| 8 | FIT Deputy Director: Lee Ann Jones-Santos | 2/23/12 | LJS | YES |
| 9 | MWWD Director: Ann Sasaki Alex Ruiz | 2/23/12 | AS | YES |

Advance Copies:

| | | | | | |
|-------|--------|-------|-----|--|---|
| ATTY | Manual | Email | Fax | <input type="checkbox"/> Tom Zeleny | <input type="checkbox"/> John Riley |
| EOC | Manual | Email | Fax | <input type="checkbox"/> Laura Davis | <input type="checkbox"/> |
| EAS | Manual | Email | Fax | <input type="checkbox"/> Myra Herrmann | <input type="checkbox"/> Stacie Maxwell |
| FM | Manual | Email | Fax | <input type="checkbox"/> Angela Colton | <input type="checkbox"/> Matt Araiza |
| COMPT | Manual | Email | Fax | <input type="checkbox"/> Chris Purcell | <input type="checkbox"/> Norman Reyes |

Completion Target Docket Date: 3/29/12 2/23/12 3/8/12 3/15/12 3/16/12 3/19 3/21/12 5/10
 Target Council Date:
 Revised 2/15/2012

EOC EAS FM COMP DPU P/C ATTY CLERKS/DOCKET

When ready for pickup: Belinda Wesson (858) 614-5723
 BWesson@sandiego.gov

CITY OF SAN DIEGO
REQUEST FOR
MAYORAL ACTION

PUM-12021

| | | |
|---|--|---------------------------|
| TO: MAYOR | FROM (ORIGINATING DEPARTMENT): PUBLIC UTILITIES DEPARTMENT | DATE: 2/15/2012 |
| SUBJECT: Agreement with Black and Veatch Management Consulting for Water and Wastewater Cost of Service Studies | | |

ACTION REQUESTED:
Authorize the execution of an agreement with Black & Veatch Management Consulting (B&V) to perform a Cost of Service Study for Water and Wastewater Funds for Fiscal Year 2014 through Fiscal Year 2017.

SUPPORTING INFORMATION:

A Cost of Service Study was conducted in 2006 for both the Water and Wastewater Funds. The Study included a thorough review of revenue requirements, user classifications, cost of service allocations, and design of a system for user charges. In February 2007, the City Council adopted rate increases of 6.5% per year, effective July 1 for Fiscal Year 2008 through 2011 for Water, and rate increases of 8.75%, 8.75%, 7.00% and 7.00% effective May 1 for Fiscal Year 2007 through 2010 for Wastewater consistent with the 2006 Cost of Service Study recommendations. The rate increases were based on a comprehensive analysis of forecasted annual Operations and Maintenance (O&M) expenditures and capital costs required to meet customer demand for water and provide for the transportation, treatment, and disposal of wastewater.

This request is for Black and Veatch to conduct a new Cost of Service Study for the Water and Wastewater Funds for Fiscal Year 2014 through Fiscal Year 2017. This Study will also include a thorough review of revenue requirements, user classifications, cost of service allocations, and design of a system for user charges. This Agreement is for a not-to-exceed amount of \$236,930.

ENVIRONMENTAL IMPACT: This activity is not a "project" and is therefore not subject to CEQA per CEQA Guidelines Section 15060 (c) (3).

FISCAL IMPACT: Total Agreement not-to-exceed \$236,930 of which \$60,000 is for FY12 (Fund 700000 - \$30,000 and Fund 700011 - \$30,000); \$101,930 is for FY13 (Fund 700000 - \$40,000 and Fund 700011 - \$61,930); and \$75,000 is for FY14-FY16 (Fund 700000 - \$12,500 and 700011 - \$12,500).

Document No. **C-15789**
Filed **MAY 10 2012**
Office of the City Clerk
San Diego, California

ATTACHMENT(S): Agreement with Black and Veatch Management Consulting.

PLEASE ROUTE TO APPROPRIATE AUTHORITY - REF: A.R. 25.60 OR 25.70

| PROJECT RELATED INFORMATION | | | ROUTING AND APPROVAL | | |
|--|-------------------------------------|------------|----------------------------|--------------------|---------|
| ACCOUNTING INFORMATION | BUDGETED | UNBUDGETED | APPROVING | APPROVAL SIGNATURE | DATE |
| FUND | 700000/700011 | | ORIG. DEPT. | <i>[Signature]</i> | 2/23/12 |
| FUNCTIONAL AREA | OTHR-00000000-SU | | E.O.C. | <i>[Signature]</i> | 3.7.12 |
| COST CENTER | 2000111211 | | E.A.S. | <i>[Signature]</i> | 3/14/12 |
| GENERAL LEDGER ACCT | 512059 | | F.M. | <i>[Signature]</i> | 3/15/12 |
| WBS or INTERNAL ORDER | | | COMPROLLER | <i>[Signature]</i> | 3/19/12 |
| GRANT NUMBER | | | Dir. of Public Utilities | <i>[Signature]</i> | 3/10/12 |
| FACILITY | | | Purchasing and Contracting | <i>[Signature]</i> | 5/9/12 |
| AMOUNT | \$30,000 / \$30,000 | | CITY ATTORNEY | <i>[Signature]</i> | 5/7/12 |
| ESTIMATED COST: Not-to-exceed amount of \$236,930 | | | CITY CLERK | <i>[Signature]</i> | 5-10-12 |
| COMPTROLLER'S CERTIFICATE: (FOR COMPTROLLER'S USE ONLY) 3000004879 | | | | | |
| FOR INFORMATION CONTACT: | | | | | |
| PRIMARY CONTACT: David Stallman | SECONDARY CONTACT: Jeanne Cole | | | | |
| TELEPHONE NUMBER: (858) 614-5745 | TELEPHONE NUMBER: (858) 292-6313 | | | | |
| MAIL STATION: 901A | MAIL STATION: 901A | | | | |

The City of San Diego
COMPTROLLER'S CERTIFICATE

CERTIFICATE OF UNALLOTTED BALANCE

CC 3000004879
 ORIGINATING DEPT. NO.: 2000

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____ Fund: _____

Purpose: _____

Date: _____ By: _____
 COMPTROLLER'S DEPARTMENT

| ACCOUNTING DATA | | | | | | | | | |
|-----------------|------|----------------|----------------|-----------------|-------------|---------------|-------------|-----|-----------------|
| Doc. Item | Fund | Funded Program | Internal Order | Functional Area | G/L Account | Business Area | Cost Center | WBS | Original Amount |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL AMOUNT | | | | | | | | | |

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: \$60,000.00 For Fiscal Year 2012

Vendor: Black and Veatch Management Consulting (B&V)

Purpose: Authorizing the expenditure of funds for Black and Veatch to conduct a new Cost of Service Study for the Water And Wastewater Funds. Fiscal Year 2012 Amount 60,000 (Fund 700000 - \$30,000 and Fund 700011-\$30,000).RFP No.:10020688-12-C.

Date: March 19, 2012 By: Brian Thornton
 COMPTROLLER'S DEPARTMENT

| ACCOUNTING DATA | | | | | | | | | |
|-----------------|--------|----------------|----------------|------------------|-------------|---------------|-------------|-----|-----------------|
| Doc. Item | Fund | Funded Program | Internal Order | Functional Area | G/L Account | Business Area | Cost Center | WBS | Original Amount |
| 001 | 700000 | | | OTHR-00000000-SU | 512059 | 2000 | 2000111211 | | \$30,000.00 |
| 002 | 700011 | | | OTHR-00000000-WU | 512059 | 2000 | 2000111211 | | \$30,000.00 |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL AMOUNT | | | | | | | | | \$60,000.00 |

CC-361 (REV 7-09)

FUND OVERRIDE

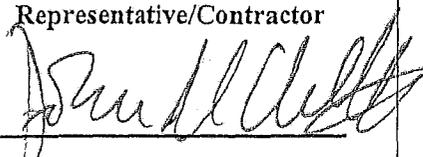
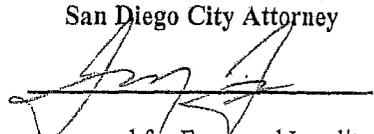
CC 3000004879

C-15789

DUPLICATE

RFP No. 10020688-12-C

**SECTION A
SIGNATURE PAGE**

| | | | |
|---|--|---|--|
| 1. Contract No.: 4600001212-12-C | | 2. RFP No. 10020688-12-C | |
| 3. Contract Title: COST OF SERVICES STUDY | | | |
| 4. Contract Amount: \$161,930 | | Prompt Payment Discount Terms: <u> </u> % <u> </u> Days | |
| 5. Term of Contract: Four (4) Years from Notice to Proceed, with One (1) One (1) Year Option | | | |
| 6. Contractor Name: Black & Veatch Corporation Address: 9820 Willow Creek Road, Suite 300 City/State/Zip: San Diego, CA 92131 Telephone: 2123-804-6702 Contact: Thomas Peterson E-Mail Address: petersontr@bv.com The City of San Diego Business Tax License Number: B1999005288 Federal Tax ID Number: 43-1833073 | | | |
| 7. Contract Table of Contents | | | |
| Section A: Signature Page | | | |
| Section B: Price Schedule | | | |
| Section C: Scope of Services | | | |
| Section D: Packaging and Marking (Reserved) | | | |
| Section E: Inspection and Acceptance | | | |
| Section F: Deliveries or Performance | | | |
| Section G: Contract Administration Data | | | |
| Section H: Special Contract Requirements | | | |
| Section I: General Contract Clauses | | | |
| Section J: List of Attachments, Exhibits, or Appendices | | | |
| 8. Signature of Authorized Representative/Contractor | | 9. Signature of The City of San Diego Purchasing Agent | |
|  | |  | |
| John M. Chevrette (Print Name) | | Jeffrey B. Baer (Print Name) | |
| President (Title) | | Director (Title) | |
| 1 May 2012 (Date) | | 5/3/12 (Date) | |
| 10. Signature of The City of San Diego City Attorney | | | |
|  | | | |
| Approved for Form and Legality Jeremy Jung | | | |
| (Print Name) | | | |
| (Title) | | | |
| 5/7/12 (Date) | | | |

Document No. C-15789
Filed MAY 10 2012
Office of the City Clerk
San Diego, California

MAYORAL ACTION SUPPORTING INFORMATION
CITY OF SAN DIEGO

DATE: May 2, 2012

EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION

SUBJECT: Award Consultant Agreement for Independent Accountant Financial Review & Analysis – Water & Wastewater Funds, Contract No. 10023028-12-V

GENERAL CONTRACT INFORMATION

Recommended Consultant: Macias Gini & O'Connell, LLP

Amount of this Action: \$ 120,000. Not to Exceed

Funding Source: City of San Diego

Goal: 20% Voluntary

SUBCONSULTANT PARTICIPATION

There is no subcontractor activity associated with this action. Any future action or agreement EOC staff will evaluate the bidder's compliance with contract goals and the good faith effort.

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

Equal Opportunity: Required

Macias Gini & O'Connell, LLP submitted a Work Force Report for their San Diego County employees dated February 7, 2012, indicating 13 employees in their Administrative Work Force. The firm has 15 employees and therefore, is exempt from the employment category goals.

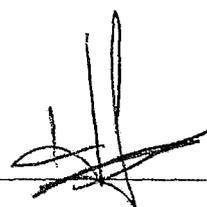
This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

ADDITIONAL COMMENTS

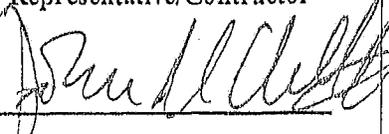
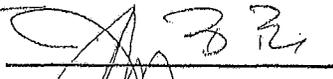
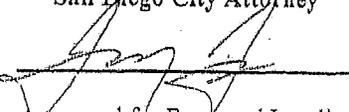
Water Utility Operating Fund 700011; Muni Sewer Revenue Fund 700000 and Metro Sewer Utility Fund 700001.

Goods & Services contracts are to be advertised, awarded and monitored by Purchasing & Contracting in accordance with Council Policy 100-10 dated 1/22/10.

RW



**SECTION A
SIGNATURE PAGE**

| | | |
|---|---|---|
| 1. Contract No.: 4600001212-12-C 2. RFP No. 10020688-12-C | | |
| 3. Contract Title: COST OF SERVICES STUDY | | |
| 4. Contract Amount: \$161,930 | Prompt Payment Discount Terms: - % - Days | |
| 5. Term of Contract: Four (4) Years from Notice to Proceed, with One (1) One (1) Year Option | | |
| 6. Contractor Name: Black & Veatch Corporation | | |
| Address: 9820 Willow Creek Road, Suite 300 | | |
| City/State/Zip: San Diego, CA 92131 | | |
| Telephone: 2123-804-6702 | | |
| Contact: Thomas Peterson | E-Mail Address: petersontr@bv.com | |
| The City of San Diego Business Tax License Number: B1999005288 | | |
| Federal Tax ID Number: 43-1833073 | | |
| 7. Contract Table of Contents | | |
| Section A: Signature Page | | |
| Section B: Price Schedule | | |
| Section C: Scope of Services | | |
| Section D: Packaging and Marking (Reserved) | | |
| Section E: Inspection and Acceptance | | |
| Section F: Deliveries or Performance | | |
| Section G: Contract Administration Data | | |
| Section H: Special Contract Requirements | | |
| Section I: General Contract Clauses | | |
| Section J: List of Attachments, Exhibits, or Appendices | | |
| 8. Signature of Authorized Representative/Contractor  <hr/> John M. Chevette (Print Name) <hr/> President (Title) <hr/> 1 May 2012 (Date) | 9. Signature of The City of San Diego Purchasing Agent  <hr/> Jeffrey B. Baer (Print Name) <hr/> Director (Title) <hr/> 5/3/12 (Date) | 10. Signature of The City of San Diego City Attorney  <hr/> Approved for Form and Legality Jeremy Jung (Print Name) <hr/> (Title) <hr/> 5/7/12 (Date) |



THE CITY OF SAN DIEGO

May 7, 2012

VIA EMAIL: JewettB@bv.com

Mr. Thomas R. Peterson, Vice President
Via Mr. Brian Jewett
Black & Veatch Corporation
9820 Willow Creek Road, Suite 310
San Diego, CA 92131

Dear Mr. Peterson:

Subject: 10020688-12-C-RFP – Cost of Services Study – NOTICE TO PROCEED

This letter confirms that the subject contract is effective beginning May 7, 2012 for four years, with one (1), one (1) year option.

Please find enclosed a copy of the Contract, the Contract "Outline Agreement" and the Purchase Order for your records. If you have any questions, please do not hesitate to contact me at 619-236-7131.

Thank you for your continued support in doing business with the City of San Diego.

Sincerely,

Karan Wolff, C.P.M.
Principal Procurement Specialist

cc: Lee Ann Jones-Santos, Deputy Director, Public Utilities
Teri Juybari, Senior Contract Specialist, Public Utilities
David Stallman, Senior Management Analyst, Public Utilities

Enclosures: 1. Contract
2. Contract Outline Agreement
3. Purchase Order



**Purchasing & Contracting Department
Business Office & Support Services**

1200 Third Avenue, Suite 200 • San Diego, CA 92101
Tel (619) 236-6000 Fax (619) 236-5904



City of San Diego PURCHASE ORDER

PO No. **4500030397**

| | | |
|---|--|--|
| Ship To: Center ID: WWFS MWWD-FINANCIAL SERVICES ACCOUNTS PAYABLE MS 901A 9192 TOPAZ WAY SAN DIEGO CA 92123-1119 | Bill To: MWWD-FINANCIAL SERVICES MS 901A ATTEN : ACCOUNTS PAYABLE 9192 TOPAZ WAY SAN DIEGO CA 92123-1119 | Date: 05/07/2012 Page 1 of 2 |
| | | Billing Contact: DWAYNE CLAYTON Telephone: |

| | |
|---|---|
| Vendor: Black And Veatch 9820 Willow Creek Rd Ste 310 San Diego CA 92131-1115 Vendor ID: 0020000084 Phone: 913-458-8659 | Terms: Within 30 days Due net Delivery Terms: FREE ON BOARD Deliver on or before: 06/30/2012 |
| | Buyer: Karan Wolff Telephone: 619-236-7131 |

| Line # | Item ID/Description | Quantity/UM | Unit Price | Extended Price |
|--------|---|-------------|------------|----------------|
| 1 | CONTRACTUAL FY12 BLACK & VEACH Cost of Service study (COSS) for Water Fund | 30,000 EA | USD 1.00 | USD 30,000.00 |
| 2 | CONTRACTUAL FY12 BLACK & VEACH Cost of Service study (COSS) for Wastewater Fund Department contact: David Stallman at 858 614-6745 Billing contact: Dwayne Clayton at 858 654-4180 | 30,000 EA | USD 1.00 | USD 30,000.00 |

| | |
|---|---|
| Notes: The Terms and Conditions of this Purchase Order are available at http://sandiego.gov/purchasing/ | SEE LAST PAGE FOR TOTAL |
| | IMPORTANT! To ensure prompt payments, PO # must appear on all shipments and invoices, and all invoices must be directed to <i>Billing</i> Contact person at <i>Bill-To</i> address listed above |



City of San Diego PURCHASE ORDER

PO No. **4500030397**

| | | |
|---|---|--|
| Ship To: Center ID: WWFS MWWD-FINANCIAL SERVICES ACCOUNTS PAYABLE MS 901A 9192 TOPAZ WAY SAN DIEGO CA 92123-1119 | Bill To: MWWD-FINANCIAL SERVICES MS 901A ATTN : ACCOUNTS PAYABLE 9192 TOPAZ WAY SAN DIEGO CA 92123-1119 | Date: 05/07/2012 Page 2 of 2 |
| | | Billing Contact: DWAYNE CLAYTON Telephone: |

| | |
|---|---|
| Vendor: Black And Veatch 9820 Willow Creek Rd Ste 310 San Diego CA 92131-1115 Vendor ID: 0020000084 Phone: 913-458-8659 | Terms: Within 30 days Due net Delivery Terms: FREE ON BOARD Deliver on or before: 06/30/2012 |
| | Buyer: Karan Wolff Telephone: 619-236-7131 |

| Line # | Item ID/Description | Quantity/UM | Unit Price | Extended Price |
|--------|---------------------|-------------|------------|----------------|
| | Notes: | | | |

| | |
|---|-------------------------------------|
| Notes: The Terms and Conditions of this Purchase Order are available at http://sandiego.gov/purchasing/ | Line Item Total \$ 60,000.00 |
| | Tax \$ 0.00 |
| | PO Total \$ 60,000.00 |
| IMPORTANT! | |
| To ensure prompt payments, PO # must appear on all shipments and invoices, and, all invoices must be directed to <i>Billing</i> Contact person at <i>Bill-To</i> address listed above | |



City of San Diego PURCHASING
CONTRACT
Bid No: 10020688-12C

Cont. No. **4600001212**

| | | |
|---|--|--|
| Ship To: Center ID: PNC1 PURCHASING & CONTRACTING PURCHASING & CONTRACTING-DELIVERY MS56P 1200 3RD AVE STE 200 SAN DIEGO CA 92101-4195 | Bill To: PURCHASING & CONTRACTING PURCHASING & CONTRACTING-INVOICE MS56P 1200 3RD AVE STE 200 SAN DIEGO CA 92101-4195 | Page 1 of 2 Date: 04/06/2012 Last Option End Date: 04/15/2013 Validity End Date: 12/31/9999 |
|---|--|--|

| | |
|---|---|
| Vendor: Black And Veatch 9820 Willow Creek Rd Ste 310 San Diego CA 92131-1115 Vendor ID: 0020000084 Phone: 913-458-8659 Fax: | Terms: Within 30 days Due net Delivery Terms: FOB FREE ON BOARD Buyer: KARAN WOLFF Phone: Fax: E-Mail: kwolff@sandiego.gov |
|---|---|

| Line # | Item ID/Description | Quantity/UM | Unit Price | Extended Price |
|--------|---|-------------|------------|----------------|
| | This Document is for Contractual Information Only and is NOT a Purchase Order. Purchase Orders Will be Issued as Needed See Purchase Orders for the delivery and billing address... | | | |
| 1 | Consutant Services | 1 EA | \$ 1.00 | \$ 1.00 |

| | |
|---|------------------------------------|
| Have questions about doing business with the City of San Diego? Visit our Purchasing web site at www.sandiego.gov/purchasing For specific information regarding contract opportunities with the City of San Diego, please visit our Bid & Contract Opportunities web site at www.sandiego.gov/bids-contracts . | SEE LAST PAGE FOR TOTAL |
|---|------------------------------------|



City of San Diego PURCHASING
CONTRACT
Bid No: 10020688-12C

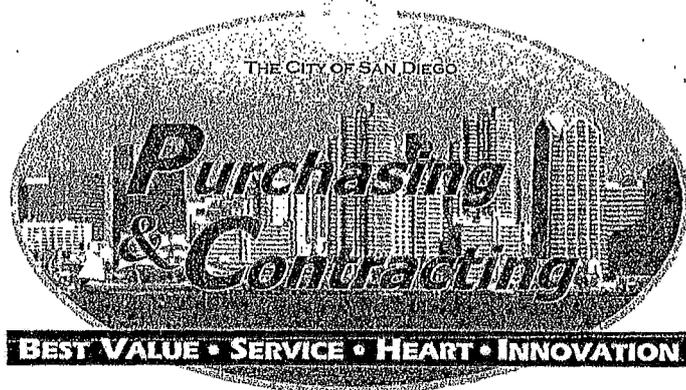
Cont. No. **4600001212**

| | | | |
|---|-------------------|--|--|
| Ship To: PURCHASING & CONTRACTING PURCHASING & CONTRACTING-DELIVERY MS56P 1200 3RD AVE STE 200 SAN DIEGO CA 92101-4195 | Center ID: | Bill To: PURCHASING & CONTRACTING PURCHASING & CONTRACTING-INVOICE MS56P 1200 3RD AVE STE 200 SAN DIEGO CA 92101-4195 | Page 2 of 2 Date: 04/08/2012 Last Option End Date: 04/15/2013 Validity End Date: |
|---|-------------------|--|--|

| | |
|--|---|
| Vendor: Black And Veatch 9820 Willow Creek Rd Ste 310 San Diego CA 92131-1115 Vendor ID: 0020000084 Phone: 913-458-8659 Fax: | Terms: Within 30 days Due net Delivery Terms: FOB FREE ON BOARD Buyer: KARAN WOLFF Phone: Fax: E-Mail: kwolff@sandiego.gov |
|--|---|

| Line # | Item ID/Description | Quantity/UM | Unit Price | Extended Price |
|--------|---|-------------|------------|----------------|
| | Notes: Award Contract for Consultant Services for Cost of Service Study for City of San Diego Public Utilities Department. Contract term is four years, with one (1), one (1) year option. Distribution: File, Buyer, Dave Stallman, Teri Juybarl | | | |

| | | | | | | | | | |
|---|--|--------------------|------|-----|--|---------|------|--------------------------|-------------|
| Have questions about doing business with the City of San Diego? Visit our Purchasing web site at www.sandiego.gov/purchasing For specific information regarding contract opportunities with the City of San Diego, please visit our Bid & Contract Opportunities web site at www.sandiego.gov/bids-contracts . | <table border="0"> <tr> <td>Line Item Total \$</td> <td>1.00</td> </tr> <tr> <td>Tax</td> <td></td> </tr> <tr> <td>Freight</td> <td>0.00</td> </tr> <tr> <td>Contract Total \$</td> <td>1.00</td> </tr> </table> | Line Item Total \$ | 1.00 | Tax | | Freight | 0.00 | Contract Total \$ | 1.00 |
| Line Item Total \$ | 1.00 | | | | | | | | |
| Tax | | | | | | | | | |
| Freight | 0.00 | | | | | | | | |
| Contract Total \$ | 1.00 | | | | | | | | |



**REQUEST FOR PROPOSAL (RFP)
RFP NO.: 10020688-12-C**

COST OF SERVICE STUDY FOR PUBLIC UTILITIES

| | |
|--|---|
| RFP Release Date: | DATE: October 14, 2011 |
| Recommended Pre-Proposal Conference: See Section L.1 of this RFP for conference details. | DATE: October 25, 2011 At TIME 1:30 p.m., PT |
| Date Written Questions/Comments Due: See Section L.1 of this RFP for question/comment instructions. | DATE: October 27, 2011 On or before 5:00 p.m., PT |
| Proposal Closing: Purchasing & Contracting Department 1200 Third Avenue, Suite 200 San Diego, CA 92101 | DATE: November 9, 2011 On or before 4:00 p.m., PT |
| Term of Contract: | Four (4) year period from Notice to Proceed, with one (1) One Year Option Periods. |
| License(s) Required: | N/A |
| Contact Name and Information: | Karan Wolff, Principal Procurement Specialist (619) 236-7131, Fax: (619) 236--5904 KWolff@sandiego.gov |

**Purchasing & Contracting Department
1200 Third Avenue, Suite 200
San Diego, CA 92101**

**SECTION A
SIGNATURE PAGE**

| | | |
|--|--|--|
| 1. Contract No.: 4600001212-12-C 2. RFP No. 10020688-12-C | | |
| 3. Contract Title: COST OF SERVICES STUDY | | |
| 4. Contract Amount: | Prompt Payment Discount Terms: _____ % _____ Days | |
| 5. Term of Contract: One year from Notice to Proceed, with One (1) One (1) Year Option Period | | |
| 6. Contractor Name: Black & Veatch Corporation | | |
| Address: 9820 Willow Creek Road, Suite 300 | | |
| City/State/Zip: San Diego, CA 92131 | | |
| Telephone: 213-804-6702 | | |
| Contact: Thomas Peterson | | E-Mail Address: petersontr@bv.com |
| The City of San Diego Business Tax License Number: B1999005288 | | |
| Federal Tax ID Number: 43-1833073 | | |
| 7. Contract Table of Contents | | |
| Section A: Signature Page | | |
| Section B: Price Schedule | | |
| Section C: Scope of Services | | |
| Section D: Packaging and Marking (Reserved) | | |
| Section E: Inspection and Acceptance | | |
| Section F: Deliveries or Performance | | |
| Section G: Contract Administration Data | | |
| Section H: Special Contract Requirements | | |
| Section I: General Contract Clauses | | |
| Section J: List of Attachments, Exhibits, or Appendices | | |
| 8. Signature of Authorized Representative/Contractor <hr/> <hr/> (Print Name) <hr/> (Title) <hr/> (Date) | 9. Signature of The City of San Diego Purchasing Agent <hr/> <hr/> (Print Name) <hr/> (Title) <hr/> (Date) | 10. Signature of The City of San Diego City Attorney <hr/> Approved for Form and Legality <hr/> (Print Name) <hr/> (Title) <hr/> (Date) |



April 2, 2012

VIA EMAIL TO: JewettB@bv.com THE CITY OF SAN DIEGO

Mr. Thomas R. Peterson, Vice President
Via Mr. Brian Jewett
Black & Veatch Corporation
9820 Willow Creek Road, Suite 310
San Diego, CA 92131

Subject: Contract for Request for Proposal 10020688-12-C – Cost of Services Study

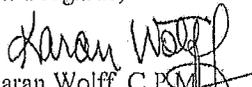
Dear Mr. Peterson:

This letter is to provide notice that the City of San Diego is eliminating Task 4. "Water Budget Analysis" from the subject bid and reducing the contract amount by \$53,100, the amount your company submitted for Task 4. With Task 4 removed from the Contract, the total amount of the Contract shall be \$161,930. Please revise your Fee Quote, received by the City on February 15, 2012, and attached hereto as Attachment A, to reflect the reduced amount and resubmit the Fee Quote to me. This revised Attachment A, as submitted by Black & Veatch Corporation, shall be made part of the subject Contract terms and conditions.

Please indicate your agreement with revising Attachment A to eliminate Task 4 and reduce the Total Fee amount to \$161,930 by obtaining an authorized signature at the bottom of this letter of intent and email the letter back to me. I have also included Section A Signature Page of the Contract, which needs to be changed to reflect the new contract price. Please reduce the Contract amount to \$161,930, complete the signature page and obtain an authorized signature and email the document to me. Return the original signed letter and the Signature Page of the Contract to my attention at the address below. Please send the originals by courier to expedite my receipt of the documents.

Should you have questions regarding this letter of intent, please call me at 619/236-7131.

Kind regards,


Karan Wolff, C.P.M.
Principal Procurement Specialist

I hereby state that I have the authority to sign this agreement on behalf of Black & Veatch Corporation and accept Attachment A as an additional contract condition along with all contract terms and conditions of Request for Proposal No. 10020688-12-C.

BLACK & VEATCH CORPORATION

Signed: Thomas R. Peterson

Date: 04/03/2012

Title: Vice President



Purchasing & Contracting Department
Business Office & Support Services
1200 Third Avenue, Suite 200 • San Diego, CA 92101
Tel (619) 236-6000 Fax (619) 236-5904

April 3, 2012

City of San Diego Cost of Service Study for Public Utilities - Black & Veatch Fee Quote

| Task Description | Hours | Hourly Rate (\$) | Cost (\$) |
|---|--------------|------------------|----------------|
| Task 1. Project Initiation & Management | | | |
| Labor Effort | 20 | 180 | 3,600 |
| 1 Meeting w/ City Staff (Hours) | 10 | 180 | 1,800 |
| Subtotal Task 1 | 30 | | 5,400 |
| Task 2. Detailed Data Review | | | |
| Labor Effort | 60 | 170 | 10,200 |
| 1 Meeting w/ City Staff (Hours) | 10 | 170 | 1,700 |
| Subtotal Task 2 | 70 | | 11,900 |
| Task 3. Rate & Allocation Development | | | |
| Rate Analysis | 190 | 165 | 31,350 |
| Capacity Fee Analysis | 140 | 165 | 23,100 |
| Water Loss Analysis | 35 | 165 | 5,775 |
| 2 Meetings w/ City Staff (Hours) | 20 | 165 | 3,300 |
| Subtotal Task 3 | 385 | | 63,525 |
| Task 4. Public Outreach | | | |
| Katz & Associates - Develop Plan ¹ | 40 | 145 | 5,800 |
| Katz & Associates - Presentation Development & Support ² | 346 | 145 | 50,170 |
| Katz & Associates - Trainings ³ | 38 | 145 | 5,510 |
| Katz & Associates - Informational Materials ⁴ | 35 | 145 | 5,075 |
| Katz & Associates - Project Management ⁵ | 90 | 145 | 13,050 |
| Ann Bui, Project Director, Attendance & Presentation Lead at Outreach Meetings ⁶ | 0 | NA | 0 |
| Subtotal Task 4 | 549 | | 79,605 |
| Task 5. Additional As Needed Services | TBD | TBD | TBD |
| Total Hours | 1,034 | | 160,430 |
| Direct Expenses ⁷ | | | 1,500 |
| Total Fee | | | 516,930 |

April 3, 2012

1. Katz Personnel: Jennifer Dill (Lead), Patsy Tennyson. Develop outreach plan, including key messages, audiences and recommended strategies/tactics to inform customers about the cost of service study findings and recommendations. An implementation timeline will be included.

2. Katz Personnel: Patsy Tennyson (Lead), Jennifer Dill, S. Valencia. The Presentation Development & Support Task includes the following:

Develop a standard PowerPoint presentation for use with city council committees, IROC, full city council and stakeholder meetings to inform about the COSS process, findings and recommendations.

Conduct dry runs of presentation prior to key stakeholder meetings or policy presentations. Revise presentation as required based on team comments at dry run or comments made after presentations to groups.

Present or assist with presentations to IROC, city council committee and/or full city council meeting (up to 4 meetings). Budget does not include development of poster boards or handouts; expenses include mileage only.

Develop a meeting design and strategy for outside stakeholder meetings/open house/town hall; conduct dry runs with city staff and consulting team prior to each meeting/open house/town hall and debrief after each (up to 4); develop a mailing list database of individuals and groups to notify about meetings and update list periodically based on inquiries or meeting attendance. Budget does not include development of poster boards or handouts; expenses include mileage only.

Facilitate outside stakeholder meetings/open house/town hall (up to 6); manage meeting logistics, which includes scheduling, developing and placing meeting invitations, securing a meeting facility, developing a meeting summary to document meeting and associated comments, setting up and tearing down after meeting, and related tasks such as sign in sheets, staffing sign in table, etc. Assumes meetings are held in a city facility at no charge. Budget does not include development of poster boards or handouts; expenses include mileage only.

3. Katz Personnel: Patsy Tennyson (Lead), Jennifer Dill. Develop and conduct a speaker training workshop for city staff who will present at stakeholder meetings or town halls. The workshop will include reviewing key messages, educating speakers on COSS process, findings and recommendations, and a question/answer practice period. Expenses include mileage and parking.

4. Katz Personnel: Jennifer Dill (Lead), Patsy Tennyson, S. Valencia. Develop one 8.5 X 11 one-page, double-sided fact sheet and one 8.5 X 11 one page, double-sided FAQ about the COSS. Budget does not include the cost of graphic design, layout or printing; assumes the City will pay for these costs.

5. Katz Personnel: Patsy Tennyson (Lead), Jennifer Dill, S. Valencia. Participate in project team meetings as needed either in-person or by telephone and internal team meetings to discuss strategy development and deliverables scheduling; prepare monthly activity summaries describing work performed.

6. Our Project Director, Ann Bui, will be present at, and lead, City Council, IROC, stakeholder and community meetings associated with Task 5, Public Outreach, at no cost to the City.

7. Direct Expenses include mileage to meetings, parking, overnight mail delivery, first class mail, telephone and reproduction costs.

FEE AND COMPENSATION SCHEDULE

| Task description | Estimated Hours per Task | Hourly Rate | Extended Rate |
|--|--------------------------|-------------|---------------|
| Task 1: Project Initiation and Management | 30 | \$180 | \$200 |
| Task 2: Detailed Data Review | 70 | \$170 | \$190 |
| Task 3 – Rate and Allocation Development | 385 | \$165 | \$185 |
| Task 4: Additional Requirements for Water Budget based pricing structure | 295 | \$180 | \$200 |
| Task 5 – Public Outreach | 592 | \$145 | \$165 |
| Task 6 – Additional As Needed Services* | TBD | \$175 | \$195 |
| Total: | | | |

* Additional Services include services which may be required for completion of the Project, but which, due to lack of firm definition of scope and limits at the time of entering into this Agreement, could not be identified with precision. Because the need for these Additional Services is not absolutely established, such Additional Services shall not be undertaken by the Contractor without specific definition and written authorization from the Mayor or designee. Specific authorizations shall include the scope of work, deliverables, schedule, compensation and payment provisions.

Pricing for Additional Services
Professional Rate Schedule

| Labor Classification | Hourly Rate \$ |
|---|----------------|
| Analyst / Senior Analyst | \$100 - \$145 |
| GIS Technician | \$130 - \$140 |
| Consultant | \$140 - \$170 |
| Task Lead | \$180 - \$200 |
| Technical Advisors | \$200 - \$250 |
| Public Outreach Lead | \$210 |
| Public Outreach Project Manager | \$155 |
| Public Outreach Assistant Project Manager | \$75 |
| Black & Veatch Project Manager | \$230 |
| Project Director | \$245 |

Other Direct Costs

Other Direct costs are those cost elements that are billed on a direct cost basis, other than direct labor. The basis for compensation is either actual cost billing rate, as specified below. Only the following cost elements are billable on a direct cost basis.

| Other Direct Costs | Basis for Compensation |
|--------------------|------------------------|
| | |
| | |
| | |
| | |
| | |
| | |

Scope of Services

TASK 1: PROJECT INITIATION AND MANAGEMENT

The objective of this task will be to provide an opportunity for Black & Veatch and the City to establish lines of communication and review study goals and objectives. Specific subtasks are:

Subtask A: Project Kick-off Meeting

- 1.1 Discuss the overall approach and strategies, general project coordination; define targets and deliverables, and administrative activities that will arise during the course of the study. At this meeting we will collaborate with City staff to finalize the project schedule, milestones and deliverable dates.
- 1.2 Collect and discuss preliminary financial, operational, and other pertinent information during the kick-off meeting with City staff. A preliminary list of data required for the study includes:

Financial records, including rate schedules, budgets, financial statements, capital improvement programs and debt service.

Operational records, including plant assets, peak demand, wastewater loading data, and water loss records.

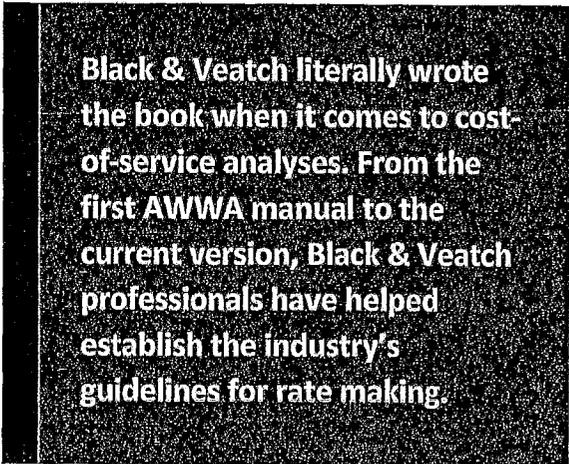
Customer account information including billing data and volumes for metered accounts.

Subtask B: Ongoing Project Management

- 1.3 Our Project Director will work with our Project Manager to review all of our work effort prior to submitting to City staff for review and comment. We will keep City staff apprised of our progress with monthly project memorandums that will describe our results and progress for the month as well as our project budget commitments.

TASK 2: DETAILED DATA REVIEW

This task will include, as needed, a detailed analysis of historical billable volumes and customers served by class and development of projections and number of customers for a future 10-year study period. The results of this analysis will provide the foundation for estimating future revenue levels under existing and proposed rates and provide a basis for estimating certain operating expenses. The bill tabulation is a critical element of this study. An analysis of customer use patterns using different variables, such as lot size, location (pressure zone for example), and seasons will also be conducted to help develop

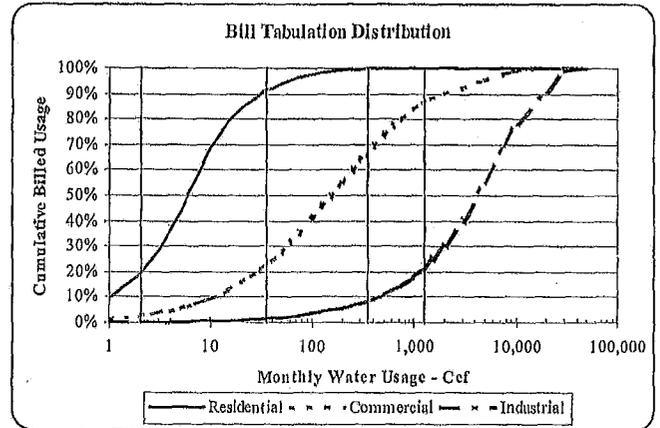


Black & Veatch literally wrote the book when it comes to cost-of-service analyses. From the first AWWA manual to the current version, Black & Veatch professionals have helped establish the industry's guidelines for rate making.

and support conservation rates. For non-metered water customers, we will apply the results to approximate billable volume.

Specific activities will include:

- 2.1 Project the number of utility customers, billable volumes, number of non-metered water customers who maybe metered during the study period. The analysis will examine five years of historical data, as available.
- 2.2 During this effort, we will address SB 7x-7 conservation mandates, projecting further decreases in water consumption and effect on revenues. We will utilize the most recent master planning documentation for guidance on water reductions to date and how these figures related to the SB 7x-7 requirements as well as pollutant loading data for the wastewater cost of service analysis.
- 2.3 Project utility revenue under existing rates will be developed, recognizing projected accounts, billed volumes, and other billable units applied to the existing rate structure.
- 2.4 The City's RFP indicates that the City would like a Capacity Fee analysis conducted as part of this project. Because the scope of services for Capacity Fees (under CA Government Code 66000 et. seq.) is different than that of utility rate analyses we have added this additional scope at the end of this rate study scope of work.



TASK 3: RATE AND CUSTOMER ALLOCATION DEVELOPMENT

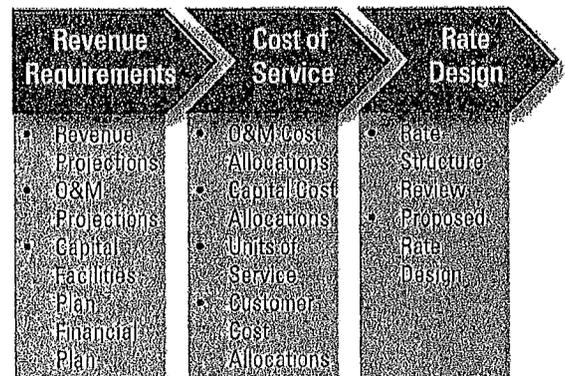
The development of revenue requirements for each utility will be based on an examination of historical financial reports, current operating budgets, and the proposed capital improvement and replacement programs. By combining the revenue and revenue requirements projections, utility operating and capital financing needs will be developed. For cost of service analyses that are performed every year, we utilize Activity-based Costing (ABC) approaches coupled with our engineering expertise for complex systems such as the City of San Diego utilities. Because ABC accounting is process-oriented, our rate analyses will give the City the ability to match resource needs to match capacity, thus possibly improving productivity and efficiency. The end result may also be smaller and fewer rate increases in the future.

Detailed utility analyses will indicate the magnitude of overall adjustments to annual revenue levels needed to meet the projected budgets of each utility. During this task we will perform a cost of service analysis and design rate alternatives for a specified test year. The goal is to achieve revenue self-

sufficiency between services and customer classes within the rate framework. Finally, we will evaluate the City's existing rate structures and identify potential alternative rate structures. As part of this analysis, we will incorporate external factors such as the existing billing system capability, consistency with industry practices, and the customers' ability to pay. Specific subtasks include the following:

3.1 Project operation and maintenance expenses based on a review of historical financial records and trends, and available utility budget estimates of future operation and maintenance expense. Projections will recognize estimated increases in the number of customers served and billable volume, as well as the potential effects of continued inflation in cost levels, the addition and/or expansion of system facilities, the potential addition of new accounts, anticipated changes in operation and staffing, and other factors which may influence future expense levels.

3.2 Based on analyses of historical and budget data, available utility assessments of future needs, and discussions with utility staff, we will forecast the requirements for capital outlays which tend to recur on an annual basis. Our approach will account for future capital expenditures by developing a targeted capital replacement reserve fund level that the City can use in the future. This approach will mitigate future rate increases when the time comes to maintain or replace City assets.



3.3 Project principal and interest payments on outstanding debt obligations and current SRF loans, if applicable. We will also calculate estimated debt service on future bonds for major capital improvements anticipated in Fiscal Years 12/13 and 13/14. As part of this sub-task, we will calculate financial ratios that are commonly used by rating agencies. This analysis will give City staff a solid perspective of each utility's credit strength prior to accessing the bond market. Example financial ratios may include operating margins, debt coverage ratios, days cash on hand, and long-term debt per customer account.

- 3.4 Review and analyze existing reserve fund requirements and balances. Applicable bond ordinance and loan agreement requirements will be reviewed along with any relevant utility policies. Continuing with sub task 3.2, we will recommend adequate reserve levels based on our review of both reserve funding requirements and industry standards. These potential reserve policies will include operating, capital replacement and rate stabilization funds. Targeted reserve levels will be reviewed for impact on customer rates.

Operating reserves can be based on a percentage of annual operating expenses. Our experience and industry standards suggest a 45-day to 120-day reserve amount.

Capital replacement reserves can be based on average annual CIP needs, annual depreciation expenses, or as a percentage of the net asset value of each utility system asset base.

The rate stabilization reserve amounts can vary depending on utility but generally are based on a certain percentage of annual utility revenues. We recommend looking at the fluctuation patterns of revenues over the last 10 years and base stabilization reserves on the most volatile year. This approach will likely help the City weather potential future cash flow interruptions.

- 3.5 Prepare a cash flow analysis summarizing the above projections of revenues and expenses for each utility to determine the adequacy of revenues under existing rate levels to meet operating and capital needs for the study period.
- 3.6 Review the existing rate structures based on price, allocation and consumption and effluent discharge patterns.
- 3.7 To develop the historical bill tabulation, we will provide instructions and assistance to appropriate the City's billing data. For the development of water conservation rates, analysis of customer usage patterns is required.

Our cost of service allocation (COS) process involves the following:

- Identification of appropriate customer classes
- Assessment of specific activities that should be highlighted and perhaps recovered via a surcharge
- Answer decision point questions such as 'Should automatic pass-through charges be considered for purchased water?'

Our detailed COS approach and modeling allows us to develop "special" rates for such events like septic haulers (who discharge at a different part of the treatment train) or other specialty clients. For example, we developed special rates in the City of Philadelphia for those who enter the treatment train at different points or who have seasonal discharges. This analysis required knowing what the cost of service factor is for each part of the treatment process.

City of San Diego, California

Our team will analyze the bill distributions, one for each utility, based on the data provided.

- 3.8 Determine the appropriate functional classifications of costs for allocation purposes.
- 3.9 Review and analyze historical water consumption by customer class, by season (winter and summer), identify their peak to average ratio. Estimate the relative responsibility of each customer class for each of the cost elements. Such information will be used to provide the basis for equitable cost allocations to each customer class.
- 3.10 Estimate class service characteristics associated with each of the cost elements by recognizing the bill distribution analysis, applicable data available in City's records, practiced by other utility operations with similar usage characteristics and patterns.
- 3.11 Estimate major system component capacities, to utilize in subsequent cost allocations. The assessment of facility capacities will reflect cost-causative parameters including volume, capacity, wastewater loading factors, rolling stock and customer service considerations. In conjunction with discussions with City staff, we will use the City's fixed asset records to determine capacity determinations of major system components.
- 3.12 Distribute costs by major system component to customer classes. These cost allocations will use unit costs of service applicable to all system users and class units of service to determine each class' proportional responsibility for total system costs. The relative responsibility of each class customer will be specifically determined based on each class' estimated service requirements.
- 3.13 Prepare a comparison of class revenues under existing rates with allocated class costs of service to determine the level of cost recovery by class, and in total, and to demonstrate any needed adjustments to align class revenues and allocated costs.
- 3.14 Examine the appropriateness of cost recovery between fixed and variable rates to support customer equity. The cost of service study, with proportionate cost factors for each customer class, should meet the requirements of Proposition 218 and these findings must be documented.

More and more agencies that provide water and sewer service are facing legal scrutiny of the setting and implementation of rates. Most recently, a California Appellate Court ruled against the Palmdale Water District (in *City of Palmdale v. Palmdale Water District*) for inappropriately setting their tiered rates on certain customer classes and not documenting their Proposition 218 nexus. To help avoid a similar challenge, it is important that the City utilize a consulting team that is well versed in the application

of Proposition 218 to water and wastewater rates. Many rate study firms say that they know how to apply Proposition 218 to rate setting and unfortunately, several of those have had their rate studies successfully challenged. **No other rate consultant in California has the 15 years of demonstrated Proposition 218 experience as does our Project Manager and this expertise will help ensure that your rate structures and rates are compliant and demonstrate strict cost of service requirements.**

- 3.15 We also incorporate best practice water auditing into our rate study analyses. Our project team is the most experienced in the United States in utilizing the AWWA water audit software and the standard AWWA/IWA methodology. This is now a requirement of the CUWCC BMP 1.2. While the City of San Diego may already have conducted this analysis, this effort is intended as a validation for that work and to incorporate some of the findings (such as details surrounding water loss) into the rate study analysis. The desk study water audit will include:

Development and reporting of a water audit using the AWWA Free Water Audit Software®

Basic data validation of water audit data inputs through onsite reviews of data
Analysis of performance indicators and cross-linking improvements to rate study model

- 3.15 Based on an evaluation of the existing rates, Black & Veatch will develop and recommend alternative rate structures. The alternatives will meet as many of the following objectives as practical and are consistent with City policy:

Recover total revenues needed for each utility

Recognize proportional cost recovery by customer class

Supportable by existing record keeping practices

Defensible at public hearings and in compliance with Proposition 218

Promote water conservation

- 3.16 Prepare comparison of revenues expected from each customer class under proposed alternative rates and existing rates to determine the adequacy of cost recovery.

- 3.17 Prepare comparisons of typical bills under the existing and proposed rates for each customer class under various levels of usage, meter sizes, and customer class.

Black & Veatch recognizes that the rate structure analysis may produce an alternative scenario consisting of tiered or inverted block rates to encourage water conservation. This type of structure requires occasional review to assess changing environmental conditions and allow for equitable allocations.

- 3.18 Assist the City in the implementation of the proposed rates that is consistent with the provisions of Proposition 218. Our project team will advise and assist the City during one of our scheduled staff meetings and in a formal public hearing at a regularly scheduled City Council meeting.

SPECIFICS OF UTILITY RATE MODELS

The rate models will be flexible to provide rate alternatives depending on City goals and objectives. The variable elements of each rate alternative (e.g. fixed/variable allocations, uniform versus block rate structures, potential impacts on customers and other similar factors) will be analyzed using program models developed for this project. The models will be developed using Excel and Visual for Basic Applications (VBA) programming language and will include the following:

Interactive segments, wherein changes made to financial, operational, and capital calculations are automatically updated on linked cells.

Sensitivity analysis section to allow dozens of variables to be analyzed as single and multiple components.

Historically proactive programming whereby all multi-year projections are updated annually based on the inclusion of the prior year's actual data.

Imbedded footnotes in cells to identify the sources of data and methodologies used to develop the new data.

Color-coded fonts to indicate the items that should be periodically modified or updated.

A rate model manual detailing the makeup of the model along with operation and simulation protocols.

Other components as requested by the City.

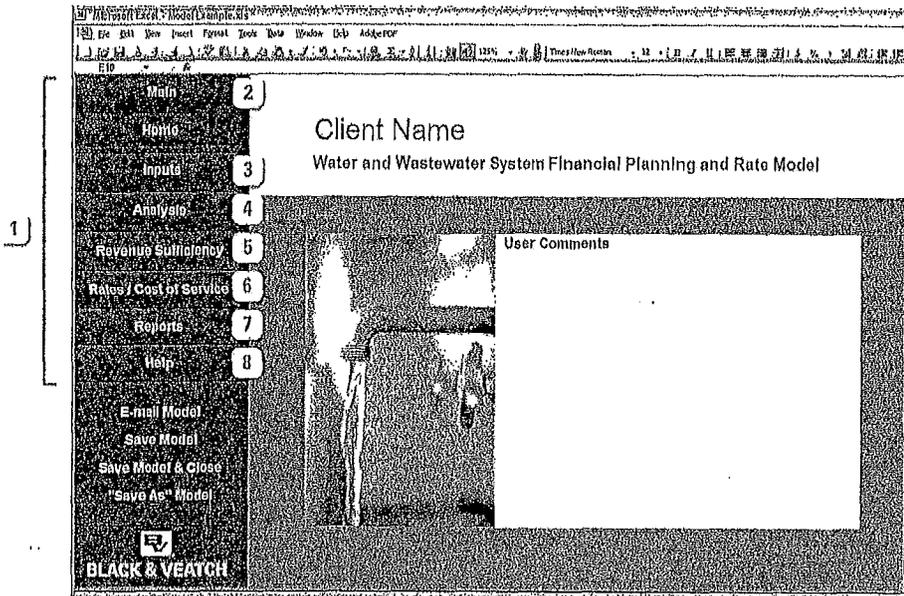
The program model will be designed to project line item revenues and expenses over a five year projection period and provide an accounting of the annual and cumulative operating revenue surplus or shortfall. Capabilities for tracking of utility reserve balances will also be incorporated.

A summary sheet will be incorporated into each model that will allow the City to set and adjust a variety of variables including annual line item revenue and expense adjustment factors. It is anticipated that the model will be designed to also allow the City to make separate dollar adjustments to the projected revenue and expense line items over the projection period to account for the impact of new programs or other desired revenue and/or expense adjustments.

City of San Diego, California

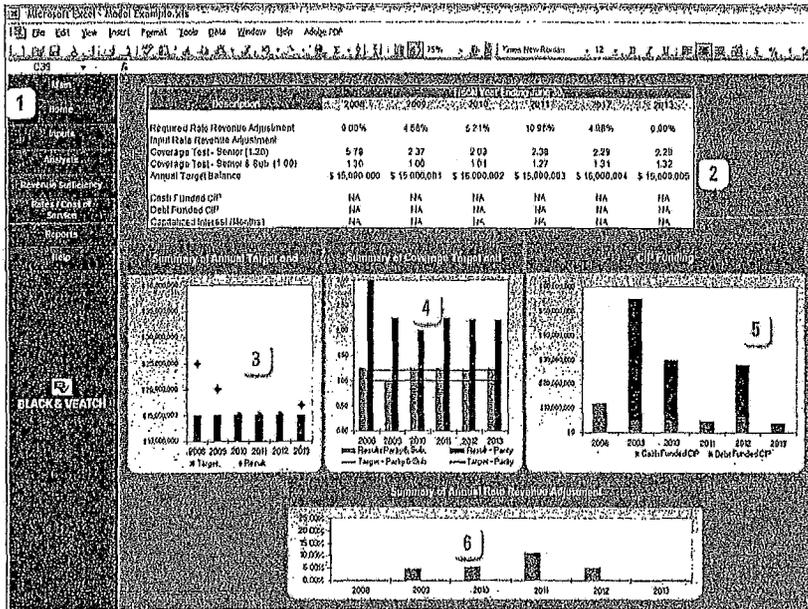
Sample screen shots and capabilities are included below:

General Navigation - Black & Veatch Model Home Page



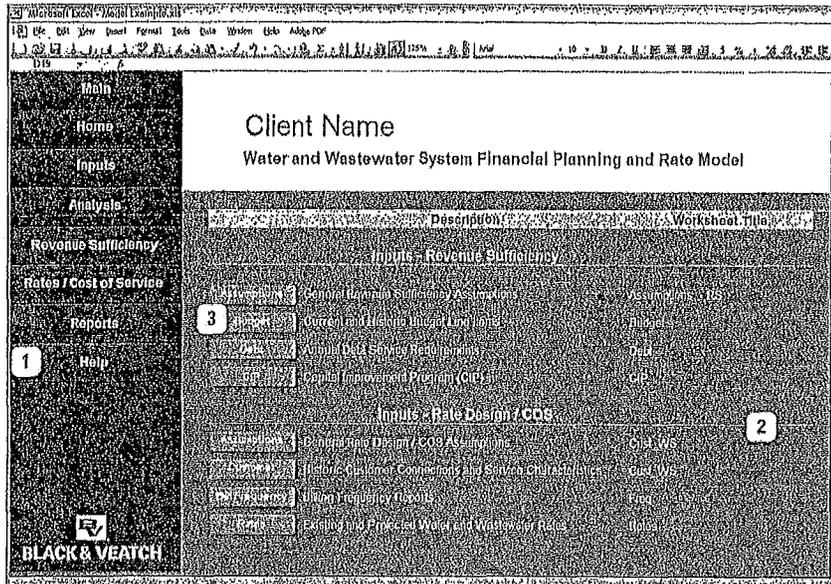
1. *Navigation Features* – provides users with the ability to navigate throughout the model from any worksheet.
2. *Main* – returns users to the Main Menu screen.
3. *Inputs* – takes users to the Model ranges designated for input variables.
4. *Analysis* – directs users to either the revenue sufficiency scenario plan or the rate design modules.
5. *Revenue Sufficiency* – leads users through the calculations of the cash flow process.
6. *Rates/Cost of Service* – leads users through the cost of service and rate design process.
7. *Reports* – directs users to custom reports for use in meetings, documents or other purposes.
8. *Help* – provides users help in understanding rate study components and navigating the model.

Scenario Planning



1. Navigation Features – provides users with the ability to navigate throughout the Model from any worksheet.
2. Summary of significant output (rate revenue increases and debt service coverage) and override functions used in scenario analysis.
3. Summary graph showing annual target balances (bars) and actual annual balances (diamonds) – Fiscal years 2010 through 2012 show actual balances at the target level, indicating a rate revenue adjustment is required to achieve these balances.
4. Summary graph showing annual target (horizontal lines) and actual debt service coverage (bars) – Fiscal years 2009 and 2010 show actual coverage at the target level, indicating a rate revenue adjustment is required to achieve these results.
5. Summary graph showing the source of proceeds used to fund the CIP. These results are based on user designated funding selected on the CIP worksheet.
6. Summary graph showing annual rate revenue adjustments.

Inputs Management - The Inputs Page



1. Clicking the "Inputs" button on the upper left will direct the user to the Inputs Page.
Note the Navigation Features bar is present on every page, to provide easy navigation and access to features.
2. Inputs options are grouped by module -- revenue sufficiency and cost of service / rate design.
All key inputs are accessible through this page, providing the user one place to find all inputs needed to update the model.
3. Select the Budget button to proceed to the next example.

TASK 4: WATER BUDGET ANALYSIS

The following scope presents the framework for developing water budget-based rates. Should the City decide to move forward with a water budget-based rate structure, we will work with the City to refine the desired scope and develop a corresponding fee quote.

- 4.1 **Review Customer Classes, Identify Unique Factors, Perform Sensitivity Analysis and Benchmark Values:** Working with City staff, we will review all of the customer classes identifying unique factors within each class and perform sensitivity analysis, establishing benchmarks for clear setting of appropriate values. As part of this task, we will evaluate:

- Economies of Scale
- Water Conservation
- Source Cost Evaluation
- Classification of Expenses
- Fire Protection Allocation

Other Water Cost of Service Allocation Issues

- 4.2 **Develop Water-based Budget Structure:** A water-based budget analysis will be performed using City historical data, data related to parcels served by the City utilizing available land use data, and the results of the customer class review. How water budgets are established vary by customer type: single-family residential, multi-family residential, irrigation only and commercial accounts. An example budget will be the sum of indoor and outdoor water needs for a particular billing cycle.

Our evaluation may start with the basic assumptions:

Single-family Residential Accounts: Monthly water budget = indoor allotment (typically 60 gallons per day per capita) + outdoor allotment (based on customer-specific irrigable area and seasonal watering needs). The City may be estimating a family of three or four for each single-family residence; residences with more family members may have their budgets altered as needed. The following factors will be included in this analysis:

Density per Household to establish an indoor water allocation based on a 60 to 70 gallon per capita per day factor

- Average water use per capita per day
- Average outdoor water use per household, if applicable
- Irrigable area data
- Evapotranspiration (ET) data for the City, by year and month
- Average annual rainfall amounts to determine net ET, if appropriate

Multi-family Residential Accounts: Monthly water budget = indoor allotment (typically 60 gallons per day per capita) + outdoor allotment (based on customer-specific irrigable area and seasonal watering needs), or if irrigable area is not available, 3-year average annual use will be utilized.

Irrigation Accounts: Monthly water budget = outdoor allotment (based on customer-specific irrigable area and seasonal water needs).

Commercial Accounts: Monthly water budget = 100 percent of average monthly use (based on pre-determined year actual average billing cycle use). Outdoor needs are calculated by the irrigable area (i.e. grass, trees, shrubs, etc.). Developing water budgets for commercial customers is typically the most difficult challenge in a water budget allocation analysis. We will start our evaluation of commercial accounts using historical consumption data and categorizing the accounts by appropriate categories defined by American Water Works Association data and/or North American Industry Classification (NAICS) system data.

- 4.3 **Prepare Updated Water Revenue Requirements Utilizing Water Budget Results:** Once the allocation factors are determined for each customer class, we will conduct an update to the revenue requirements analysis for the water fund. The water budget analysis will be useful to the City the next time the City Council considers a water rate adjustment. The water budget based rate structure developed in this work effort can be used for implementing tiered water rates that meet the requirements of Proposition 218 and AB 2882.

TASK 5: PUBLIC OUTREACH, KATZ & ASSOCIATES

- 5.1 **Public Outreach Plan:** Working with team members from Black & Veatch and City staff, Katz & Associates will write a brief public outreach plan for the cost of service study including a timeline for implementing outreach activities. The plan will include key messages about the cost of service study that should be used in all communications – written and verbal. In addition, the plan will include recommendations for strategies and tactics to reach broadly into the community to provide information to customers, stakeholders and others about the study findings and associated rate structure.
- 5.2 **Presentations:** The consultant team will develop presentations to inform various stakeholders about the cost of service study and key findings and recommendations. Katz & Associates will work with team to develop PowerPoint presentations, using key messages and graphics, and conduct dry runs prior to each presentation. A member of the consultant team will make these presentations, along with a Public Utilities Department staff member if appropriate.
- 5.3 **Trainings:** Katz & Associates will also develop a training session for the City staff that will participate in the outside stakeholder meetings, whether they are open house, town hall or other meeting formats. This training will include reviewing the key messages, educating the speakers on the cost of service study and findings/recommendations as appropriate. Katz & Associates can also conduct practice question-and-answer sessions with the speakers to help them prepare for tough questions they may be asked when speaking to the public.
- 5.4 **Informational Materials:** Katz & Associates will develop a one-page fact sheet and a frequently asked questions fact sheet about the cost of service study for distribution at presentations and other meetings.

TASK 6: ADDITIONAL SERVICES

Meetings, Reports, Rate Models and Presentations

The objective of this task is to identify meetings and deliverables for City.

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Specific items are as follows for the rate analysis:

Prepare initial work plan.

Attend meetings with City staff as scheduled. For this project, we anticipate four (4) meetings with City staff, two (2) meeting with the Independent Rate Oversight Committee, one (1) City Council Committee meeting, and one (1) meeting with the City Council. Should the City desire a different combination of meetings, we are flexible to re-arrange the scope and intent of the meetings. Meetings with City Council will include presentation of the study results in PowerPoint format along with documentation.

Prepare draft report that documents preliminary results of the cost of service analysis and recommended rate structure.

Prepare a final report encompassing all study findings, inputs and recommendations at the conclusion of the project and present findings at a City Council meeting as requested.

Present rate model worksheets to City staff once the rate structures and rates have been approved by City Council. The model worksheets can be utilized by City staff in the future to monitor annual projections and perform "what if" scenarios by changing model assumptions.

Specific meetings are as follows for the public outreach effort:

Presentations will be made to the following groups:

Independent Rate Oversight Committee (IROC) – 1 to 2

City Council Committee meetings – 1

City Council meeting – 1

Outside stakeholders meetings/open house/town hall or other appropriate format – 4 to 6

Optional: Additional meetings in city council districts or multi-cultural communities in San Diego, or there may be a need for a more extensive public outreach process if the department proceeds with a water budget rate structure – TBD

Capacity Fee Analysis

The following scope presents the framework for developing new or updated water capacity fees. Should the City decide to move forward with this effort, we will work with the City to refine the desired scope and develop a corresponding fee quote.

Project Initiation / Data Acquisition and Review

During this task, we will meet with City staff to establish lines of communication, review and discuss project goals and City policies related to the project, review the project schedule, and revise if necessary, and to request data and

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documentation related to the work effort. The specifics of this initial discussion are outlined below:

Policy Discussion. Our team will catalog existing City policies and potential strategies which will guide the work of each subsequent element in this work scope.

Data Request. A typical data request will include current demographic data, adopted Capital Improvement Plans, Water Facilities Master Plan, the 2010 Urban Water Management Plan, development projections and other relevant planning documents. We will provide a comprehensive and detailed data request memorandum to the City prior to the initial meeting.

Project Timeline. As needed, we will modify the timeline to help ensure the project's milestones are met according to your schedule. Through our project management tools, our project plan will minimize effort on City staff. Naturally, staff effort will be required for data collection, meetings and review of deliverables. However, we anticipate that our collaborative effort with the City will keep this effort to a minimum.

Confirm Land Use Data/Forecasts

The purpose of this task is to review and understand the current demographics of the City as it relates to growth and development and determine the likely development future for the City in terms of new population, housing units, employment and nonresidential building area. In this task Black & Veatch will meet with City staff to discuss current demographic data as well as to discuss build out projections as well as any available annual projections of population, employment, housing units, commercial, industrial and other nonresidential square footage data needed to assess the demand generated by new development/redevelopment for capital facilities.

Determine Capital Facility Needs and Service Levels

As an essential part of the nexus analysis, Black & Veatch will evaluate the capacity of development/redevelopment on the need for additional facilities, by type, and identify costs eligible for capacity fee funding. Elements of that analysis include:

Review facility plans, fixed asset inventories, and other documents for each facility layer and type thereby establishing the relationship between development and facility needs

Identify planned facilities and other capital components eligible for capacity fee funding

Prepare forecast of relevant capital facility needs

Adjust costs as needed to reflect other funding sources, such as ad valorem assessments, standby charges, general property tax revenues, and developer contributions

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We will review needs analyses and level-of-service levels for each facility type. Activities related to this task include:

- Apply defined service standards to data on future development to identify the impacts of development on facility and other capital needs. This will include discussions with staff of the existing versus adopted levels of service, as appropriate

- Ascertain and evaluate the actual demand factors (measures of capacity) that generate the need for each type of facility to be addressed in the study

- Identify actual existing service levels for each facility layer and type. This is typically expressed in the number of demand units served

- Define service standards to be used in the capacity fee analysis

- Determine appropriate geographic service areas of the fee

Evaluate Different Allocation Methodologies

The purpose of this task is to determine the methodology most appropriate for the capacity fee implementation. It is imperative that the methodology take into account the City's funding needs as well as land use and other policy objectives. As noted previously, the three basic methodologies that can be applied in the calculation of development capacity fees are the plan-based, incremental expansion, and buy-in/cost-recovery approaches. Selection of the particular methodology for the capacity fee structure will depend on which is most beneficial for the City. In some cases, we will prepare the capacity fee for a particular infrastructure category using several methodologies and will discuss the trade-offs with the City. This allows us to use a combination of methodologies within one fee category. For instance, a plan-based approach may be appropriate for a new facility building while an incremental approach may be appropriate for City vehicles and equipment. By testing all possible methodologies, the City will have greater support for a defensible capacity fee structure. Policy discussions will then be held at the staff level regarding the trade-offs associated with each allocation method prior to proceeding to the next task.

Determine the Need for Credits

A consideration of "credits" is integral to the development of a legally valid capacity fee methodology. There is considerable confusion among those who are not immersed in capacity fee law about the definition of a credit and why it may be required.

There are, in fact, two types of "credits", each with specific, distinct characteristics, but both will be included in the development of capacity fees. The first is a credit due to possible double payment situations. This could occur when a property owner will make future contributions toward the capital costs of a public facility covered by a capacity fee. The second is a credit toward the

payment of a capacity fee for the required dedication of public sites and improvements provided by the developer and for which the capacity fee is imposed. Both types of credits will be considered and addressed in this analysis.

Conduct Funding and Cash Flow Analysis

In order to prepare a meaningful capital improvement plan, it is important to not only understand the gross revenues, but also the capital facility costs and any deficits. In this case some consideration should be given to anticipated funding sources. This calculation will allow the City to better understand the various revenue sources possible and the amount that would be needed if the capacity fees were discounted.

The initial cash flow analysis will indicate whether additional funds might be needed or if the capital improvements plan might need to be changed to have new growth pay its fair share of new capital facilities. This could also affect the total credits calculated in the previous task. Therefore, it is likely that a number of iterations will be conducted in order to refine the cash flow analysis reflecting the capital improvement needs.

During this task, we will consider the current value of utility facilities which are materially affected by age and depreciation. Depreciation takes into account the anticipated losses in asset value caused by wear and tear, decay, inadequacy, and obsolescence. To provide appropriate recognition of the effects of depreciation on existing utility facilities, we will consider both the original cost and replacement cost valuation measures. These measures are expressed on an original cost less depreciation ("OCLD") basis and as replacement cost less depreciation ("RCLD") basis.

Prepare Capacity Fee Report

Black & Veatch will prepare a report that summarizes the need for capacity fees for the public facilities, reflects the relevant methodologies employed, and documents all assumptions and cost factors. Upon completion of the analysis and calculation of capacity fee, a final of the entire study report, incorporating any previous staff comments, will be submitted for review by City staff.

The report will include the following components:

- Executive summary including summary of proposed capacity fees

- A discussion of the legal framework and capacity fee methodology

- Presentation of data on existing and planned development in the City as well as demand indicators (e.g. population, equivalent dwelling units, etc.) for the facilities

- Discussion of level of service standards, eligible costs required, cost allocation (growth versus existing residents), fee calculations, recommended fee

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schedules, listing of capital facilities funded by capacity fees, and projected revenue

In addition to the above components, the report will also contain a separate section on implementation, in accordance with the requirements of AB 1600. Topics will include:

- Updating and indexing of fees
- Accounting and reporting procedures
- Provision of credits for facilities constructed by developers

Benchmarking

As part of our rate study efforts, we prepare a survey of similar-sized utilities and their water and wastewater rates. Not only do we compare the rates themselves to the current and proposed rates of the City, but we also calculate sample bills for various customer categories using each rate structure surveyed. We propose to include 10 similar-sized utilities in this benchmarking analysis.

SECTION C
SCOPE OF SERVICES

A. BACKGROUND

The Water and Wastewater Systems are owned by the City of San Diego and as of July 1, 2009, are jointly operated by the City through the Public Utilities Department ("Department"). The Department is comprised of four branches consisting of ten divisions that are funded by either, or both, the Water Utility Fund and the Sewer Utility Fund. Though the different divisions cover all the tasks required by the Department, separate accounting is kept for each fund. The Department ultimately reports to the Mayor, who has operational authority over the Department and appoints managers and directors who are charged with its operations.

The Water Utility provides water service to the more than 1.3 million residents via 270,000 connections delivering approximately 78,200 million gallons of water per year.

While the City has grown, local water sources have remained static. In general, between 10 percent and 15 percent of the City's water supply is derived from local water sources. The balance of the City's water supply is purchased from the San Diego County Water Authority (CWA). These purchases from the CWA include treated water that is delivered to the City's water distribution system and raw water that is transported to the City's water treatment plants.

The City's water system currently consists of nine raw water storage facilities, three water treatment plants, 31 treated water storage facilities and over 3,222 miles of water lines. One of the nine raw water storage facilities, Lake Hodges Reservoir, is not currently connected to a treatment plant but will be used as part of the Emergency Storage Project pursuant to an agreement between the City and CWA. The City owns and operates three water treatment plants with a combined current capacity of nearly 300 million gallons per day (MGD). The 31 treated water storage facilities ensure consistent delivery to the 128 different pressure zones with the aid of 49 water pump stations.

The "Wastewater System" consists of two sub-systems, the Municipal Sub-System and the Metropolitan Sub-System. The Municipal Sub-System is a municipal sewage collection system for the City's residents and consists of all elements required for the collection and conveyance of wastewater generated by the service area, including approximately 3,000 miles of trunk and collector mains and 79 sewer pump stations, which ultimately discharge into the Metropolitan Sub-System. The Metropolitan Sub-System is a regional sewage treatment and disposal system that serves the City and various other public agencies, including cities situated within common drainage areas. The Metropolitan Sub-System includes all the facilities associated with treatment and disposal within the San Diego metropolitan area and consists of a wastewater treatment plant, two water reclamation plants that produce recycled water, a bio-solids processing facility, and eight large wastewater pump stations. The Metropolitan Sub-System treats and disposes of the wastewater generated by the City and certain amounts from 15 other cities and districts near the City.

The Metropolitan Sub-System was designed to provide sufficient capacity to accommodate a regional population in excess of 2.5 million. The Wastewater System has approximately 275,000 customers, 15 Participating Agencies and covers approximately 450 square miles.

Both the Water and the Wastewater systems are among the most complex water/wastewater systems in the nation. Such sizeable systems require continuous upgrades and replacement of their aging components to meet current building standards, updated Safe Drinking Water Standards, and complying with the sewage discharge requirements under Federal law. The City is continuing a multi-year capital improvement programs (CIP) to meet the regulatory requirements and upgrade its infrastructure.

This Request for Proposal (RFP) is being issued in order to solicit proposals from qualified Contractors to provide the City of San Diego with Cost of Service Studies (COSS) services for water and wastewater rates.

B. PROJECT DESCRIPTION

The City's last cost of service studies (COSS) for water and wastewater rates were completed in December 2006. It has been the practice of the City to commission these periodic studies separately. Now that the two separate systems are managed under one department, the studies will be commissioned with the successful bidder as a single agreement for two separate deliverables, one cost of service study for the water rates and one cost of service for wastewater rates, in order to provide consistency and continuity between the two studies. The goal of each study is to develop recommendations for the establishment of fair and equitable water and sewer rates for the City's users and a revenue program that will follow accepted industry standards, as endorsed by the American Water Works Association and the State Water Resources Control Board, respectively. Each study will include a review of the City's current financial plan and related assumptions, usage characteristics, and rate structure. It is projected that the rate studies will cover a five year time period and that the term of this agreement will be for four years, with a City option for a fifth year.

It is anticipated that the Water fund will have the need to access the public bond market for additional funds to continue its CIP by early fiscal year 2014, while the Wastewater fund may need to return to the public bond market sooner, possibly by mid fiscal year 2013. In addition, the Water fund has started a separate study, which will be running concurrently with water cost of service study, to determine the feasibility of instituting a "water budget" based rate structure ("water budget"). The consultant currently under contract to perform this analysis will determine the feasibility of implementing a water budget based rate structure for all City of San Diego customers, along with identifying the hurdles of doing so, and may develop recommendations regarding the framework for setting water budgets and corresponding rate structures and alternatives. The successful bidder for these COSS's would be expected to incorporate department-approved findings resulting from this water budget feasibility study and to collaborate with the consultant for the water budget study as necessary. The successful bidder should be prepared to provide a tiered rate structure, similar to the department's current rate structure, with recommended rates and tiers, and if so determined by department staff, as a result of the concurrent study, to provide a water budget

based rate structure with recommended rates. Both rate structures would need to conform to accepted industry principles surrounding Cost of Service Study analysis.

The Wastewater study and rate model must account for both the Metro and Muni subsystems and the affects of rates on both systems. In addition, if the Department decides to move ahead with a water budgets based billing program, the Wastewater study and rate model will be required to incorporate and implement the appropriate "return to sewer" and "sewer cap" calculations consistent with billing method.

C. SCOPE OF WORK AND DELIVERABLES

The following project tasks pertain to both water and wastewater studies and shall include, but are not necessarily limited to the following:

Task 1: Project Initiation and Management

The goal of this task is to lay the groundwork for a successful project and provide the ongoing management that ensures efficiency and quality throughout the process.

(a) Subtask A – Project Kick-off Meeting

The objectives for this meeting include:

1. Providing a forum to finalize the work plan and schedule with City Staff;
2. Discussing the City's preliminary pricing and modeling objectives;
3. Ensuring there is an understanding of the overall goals of the study;
4. Providing an opportunity for City Staff to meet and become comfortable with consultant project team; and
5. Reviewing the data needs for the project.

Prior to the meeting, the Contractor shall provide a detailed data request list that will identify the information needed to complete the various analyses.

(b) Subtask B – Ongoing Project Management

The consultant shall appoint someone to be the Quality Assurance Control person with the core responsibilities of reviewing the work effort for consistency, accuracy, and validity and ensuring that the cost of service studies developed will be based on sound rate making principles and standard industry practices. Periodic updates shall be provided by the Contractor based on Contractor/Department determined milestones, as well as monthly updates detailing the tasks accomplished, any identified problems (with their potential solution) and budget adherence to project milestones.

Task 2: Detailed Data Review

The goal of this task is to have the Contractor gain an understanding of the Department's situation that will serve as the basis for the subsequent rate modeling and analyses.

The project will entail several different, yet interrelated, work efforts that will require effective coordination between City staff and the Contractor to gather all necessary data and historical information to ensure that all deadlines and objectives are met. Projected capital needs, operation and maintenance costs ("O&M"), debt service, revenue projections based on the current rates and rate structure, and required reserves will need to be reviewed and evaluated. Resulting revenue requirements will need to be determined.

The Department on July 5, 2011 went live with its new conversion of the customer service and billing system called Customer Care Solutions (CCS), which is now tracking all customer usage and all other customer related charges. Information prior to this date is recorded and archived in legacy systems: Customer Information System (CIS) and Installation Order System (IOS). The Contractor will need to incorporate this information with analysis of population growth, water supply concerns, possible expiration of temporary secondary sewage treatment waiver (2015), and other current or unforeseen issues that arise during the course of the study and its implementation schedule to ensure the department's revenue requirements are met.

Additionally, the Department is requiring, as a part of this study an analysis, and recommendation for cost recoverable Capacity Fees for both the Water and Wastewater systems.

Task 3 -- Rate and Customer Allocation Development

The goal of this task, based upon the determined revenue requirements, is to develop a methodology of allocating appropriate costs to the appropriate customer classes and develop a rate structure with corresponding rates to recover the appropriate costs from each customer class. At this point in the process it is envisioned that the rate structure will mirror, or closely resemble our existing rate structures, i.e. tiered water rates for single family dwellings, although additional tiers should be explored; and winter monitoring with a cap for the sewer rates. These rate structures will provide revenue and rate stability, and adequate revenues to continue to provide quality service.

The developed rate structure, and corresponding rate model, developed as necessary, will be robust enough to calculate rates under different scenarios and allow staff to update and/or adjust annually or as necessary. Factors and features of the developed rates and model must include:

- a. Adherence to standard cost of service-based rate setting practices;
- b. Compatibility with the design of existing wholesale agreements;
- c. Ability to evaluate multiple rate structures;
- d. Incorporation of financial planning over a 10-year planning horizon with ability to change certain standard assumptions by year;
- e. Ability to calculate rates for multiple years and update rates annually;
- f. Include schedules and/or tables that show projected cost impacts on different types of customers and for different levels of usage;
- g. Ability to flag errors and problematic results;

- h. Revenue stability and sufficiency to perpetuate the utility;
- i. Ability to evaluate/promote conservation for all customer classes;
- j. Ability to perform sensitivity analyses and see the changes in real time on in-built screen graphics; and
- k. Ease of input, report printing, update, understanding, ease of administration, and legal defensibility.

The Contractor will review any models and/or spreadsheets developed to prepare the proposed rate structures with City staff and train City staff on any models necessary to update the rates annually. As a result of this task, the consultant will provide comprehensive written reports, including executive summaries, detailing the findings and recommendations for both water and sewer.

Decision Point

Task 4 Additional requirements to provide Water Budget based Cost of Service

This task will be required, should it be determined by the City, upon conclusion of Task 4 of the concurrent Water Budget study, to proceed with adopting the water budget based pricing structure for the City's customers. Contractors should be careful to anticipate the total number of additional hours and other requirements that would be necessary to complete this task for both water and sewer. This determination by the City could come at any time during the cost of service study process.

Task 5 – Public Outreach

The goal of this task is to support the Department with the presentation of the results of the studies to the various stakeholder groups and City Council. The outreach strategy should include a variety of activities to reach broadly into the community to provide information about the developed rate structure.

The Department is anticipating that a minimum of one to two presentations each for the City's Independent Rates Oversight Committee (IROC); a minimum of two presentations each to the City Council (one committee hearing and one full Council meeting); and four to six presentations to outside stakeholder groups, e.g. The San Diego County Taxpayers Assoc., or Town Hall type meetings. If the Department proceeds with the water budget approach, additional meetings may be required along with a more extensive customer outreach plan to educate customers on the new billing system.

Task 6 – Additional As Needed Services

The goal of this task is to provide the City with financial and economic study related consulting services on an as needed basis for the term of the contract.

Additional Services may include, but not limited to the following:

- a. Analysis of impact of future increases to the cost of purchase water and the development of alternative methods to address the increased costs;
- b. Development of benchmarking with other agencies related to rates, efficiencies, and other financial metrics;
- c. Periodic reviews of the financial plan and rate model to ensure accuracy, consistency and validity of assumptions used to develop the financial plan; Assist staff with the analysis of multiple rate sensitivities
- d. Other related services as requested by the Department.

Deleted.

D. OBJECTIVE

The objective of this RFP is to make an award to a qualified Contractor which delivers **the expertise necessary to analyze department revenue requirements, to allocate these costs properly among customer classes and to design a rate structure and rate model that is easily understood by department staff as well as customers and stakeholders.**

E. PRECLUDED PARTICIPATION

In order to avoid any real or perceived conflicts of interest, the successful Proposer to this RFP will be precluded from participation in any solicitations or contracts that result, directly or indirectly, from this RFP.

F. SUPPORT AND UPDATES

The following support is required:

1. Toll-free telephone number available Monday – Friday 8:00am – 5:00 pm PST; and
2. Encrypted e-mail

G. DOCUMENTATION AND REPORTS

Refer to requirements listed in the Scope of Work and Deliverables in Section C.

H. COOPERATION AND TRANSITION

Proposer shall cooperate with the City at the expiration of the contract and the incumbent Contractor in order to accomplish a smooth phase-out and transition of responsibility and requirements, if applicable.

I. QUALIFICATIONS AND EXPERIENCE

To enable the City to evaluate the responsibility, experience, skill, qualifications, and business standing of the Proposer, the following information must be included with the proposal:

1. Proposer shall provide a company/corporation organization chart and staffing profile.
2. Proposer shall provide names, contact information, resumes, and years of tenure for key personnel including but not limited to the account representative(s) who will be assigned and dedicated to the City's account. Additionally, describe the strengths of key personnel to the City's requirements. Indicate role and responsibilities of prime contractors and all sub-contractors, if applicable.
3. Proposer shall provide account representative(s) who have a minimum of three (3) years of prior experience in accounts of similar type, size and scope to the requirements and deliverables of this RFP. Individuals with demonstrated experience conducting government financial audits and providing written reports and presentations with recommendation to improve an organization's operations are

highly desirable. Proposer shall clearly define what responsibilities the assigned account representative(s) will be charged with relative to this project.

4. The City's dedicated account representative(s) shall be accessible, at the minimum, by e-mail and local telephone numbers with an area code of 619, 858, 760 or a toll free number, Monday – Friday between the hours of 8:00 am and 5:00 pm Pacific Standard Time, excluding City holidays.

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SECTION D
PACKAGING AND MARKING
(RESERVED)

SECTION E
INSPECTION AND ACCEPTANCE

The City of San Diego's Public Utilities Contract Administrator, or designee, will be responsible for inspecting and accepting all work, documents and information received from the Contractor for the scope of services specified herein.

Inspection and acceptance will occur at destination unless specified otherwise, and will be made by the City department shown in the shipping address of the Purchase Order or other duly authorized representative of the City.

Risk of loss or damage or non-functional to deliverables prior to the time of their receipt and acceptance by the City is upon the Contractor. The City has no obligation to accept damaged and/or non-functional deliverables and reserves the right to return or reject them, at the Contractor's expense, damaged and/or non-functional deliverables even though the damage and/or non-function was not apparent or discovered until after receipt.

SECTION F

DELIVERIES OR PERFORMANCE

PERIOD OF PERFORMANCE

Contractor shall perform services as described in Section C for the period of four (4) years beginning from Notice to Proceed, and one (1) additional one year Option if exercised at the sole Discretion of the City, in accordance with Section I.05 of this RFP. Contractor shall be available to City staff Monday – Friday 8:00 am – 5:00 pm PST.

Delivery shall be made in accordance with the Contract Documents (see Section I.01, “Definitions”). The City, in its sole discretion, may extend the time for delivery as specified in Section I, General Contract Clauses. The City may order, in writing, the suspension, delay, or interruption of delivery of goods or services.

The Contractor shall immediately notify the City in writing if there are, or it is anticipated, that there will be a delay in performance. The written notice shall include an explanation of the cause for, and a reasonable estimate of the length of the delay. If in the opinion of the City, the delay is material, the City may terminate this Contract as provided in Section I.

If delays in the performance are caused by unforeseen events beyond the control of the parties, such delay may entitle the Contractor to a reasonable extension of time, but such delay shall not entitle the Contractor to damages or additional compensation. Any such extension of time must be approved in writing by the City. The following conditions may constitute such a delay: war; changes in law or government regulation; labor disputes; strikes; fires, floods, adverse weather or other similar condition of the elements necessitating cessation of the performance; inability to obtain materials, equipment or labor or other specific reasons agreed to between the City and the Contractor; provided, however, that: (a) this provision shall not apply to a delay caused by the acts or omissions of the Contractor; and (b) a delay caused by the inability to obtain materials, equipment, or labor shall not entitle the Contractor to an extension of time unless the City has received, in a timely manner, documentary proof satisfactory to City of the Contractor’s inability to obtain materials, equipment, or labor.

SECTION G

CONTRACT ADMINISTRATION DATA

The Contract Administrator for this service is the City of San Diego's Public Utilities Senior Management Analyst, David Stallman, or designee. The City's Contract Administrator contact information is listed below. The Contract Administrator will provide daily oversight of this contract to ensure compliance. The Purchasing Agent shall be responsible for all contractual matters and is the only individual authorized to make changes of any kind to the contract. The Contractor shall not rely upon any oral change from anyone, or a written request for change from someone other than the Purchasing Agent. All changes must be in writing, signed by the Purchasing Agent.

David Stallman, Sr. Mgmt Analyst,
9192 Topaz Way
San Diego, CA 92123
858-614-5745; 858-614-4027 (fax)
dstallman@sandiego.gov

A. INVOICING AND PAYMENT

Invoice must be submitted once per month in duplicate (one copy to be marked "original") to the City Contractor below. Invoices will be payable within 30 calendar days from receipt of the invoice. Invoices shall be provided electronically and by U. S. Mail. Contractor will work with the City to ensure accurate invoices are presented timely to allow the city to meet the net 30 terms from receipt of invoice.

- The City of San Diego
 - David Stallman, Sr. Mgmt Analyst,
 - 9192 Topaz Way
 - San Diego, CA 92123
 - 858-614-5745; 858-614-4027 (fax)
 - dstallman@sandiego.gov

Invoices shall conform to policies or regulations adopted from time to time by the City of San Diego. Invoices shall be legible and shall contain, as a minimum, the following information: (1) the contract and purchase order number (if any); (2) a complete itemization of all costs including quantities ordered and delivery order numbers (if any); (3) any discounts offered to the City of San Diego under the terms of the contract; (4) evidence of the acceptance of the supplies or services by the City of San Diego; (5) unique traceable invoice number(s); (6) a copy of all records supporting a copy of all records supporting Small Local Business Enterprises (SLBE) and Emerging Local Business Enterprises (ELBE), Disadvantaged Business Enterprise (DBE), Disadvantaged Veterans Business Enterprise (DVBE), Minority Business Enterprises (MBE) and Women-Owned Business Enterprise (WBE) vendor/Contractor participation for the

payment period to be sent under separate cover to Program Manager, Office of Equal Opportunity Contracting, 1200 Third Avenue, Suite 200, San Diego, CA 92101; (7) total charges billed at this time and date; and (8) total payments received to date.

1. Upon review and approval from the Public Utilities, invoices shall be forwarded to the Office of the City Comptroller for payment. The approval shall be electronic. The City of San Diego is pleased to announce a program that offers you the option of receiving your payments electronically rather than by check. This will allow for more timely receipt of payments and provide you with the ability to better manage your accounts receivable. You can obtain information to enroll by going to <http://www.sandiego.gov/purchasing/vendor/index.shtml>.
2. Subject to the withholding provisions of the contract, payment shall be made within thirty (30) days after the City of San Diego's receipt of a properly prepared/approved invoice.
3. The Contractor shall provide to the Purchasing Agent a fully executed W-9 Form. It is the Contractor's responsibility to notify the Purchasing Agent of any changes in the remittal address. Failure to provide this information may impact payment of invoices by the City of San Diego. In order that this Form is the current Revision at time of submittal, the Contractor shall download this Form from the Internal Revenue Service website shown below, complete the Form and submit as specified herein. The website from which to obtain this Form is: <http://www.irs.ustreas.gov/pub/irs-pdf/fw9.pdf>.
4. Prompt payment discounts of twenty (20) days or more will be considered in the evaluation of Proposals. Discounts of less than twenty (20) days will be taken at the time of payment when applicable, but will not be considered in the evaluation of Proposals. Prompt payment discounts shall be identified on the Signature Page, Section A-4. Discount is taken based on the date of the payment check. Time will be computed from the date of delivery at destination or acceptance by City, or the date supplied to the carrier when acceptance is at the point of origin, or from the date a corrected invoice is received, whichever is later.

Any discount offered other than for prompt payment should be included in the net price quoted, rather than shown as a separate item. Any discount shown separately will be adjusted on the Purchase Order.

The City shall pay the Contractor in arrears for services rendered. Billing shall be in accordance with the Price Schedule, allowing for City approved adjustments, if any. Invoices shall be submitted in duplicate with an original and copy clearly identified to the Contract Administrator or designee, at the address specified on the Purchase Order(s) (see Section I.01, "Definitions"). The invoice shall reference the Purchase Order number, include the date of services, description of the work performed by location and/or section or a listing of materials provided, and state the total invoice cost.

If applicable, any extra-ordinary labor charges for services shall be included on the invoice. A description of the extra-ordinary work to include the location/and or section work was performed shall be provided. Contractor must attach written authorization from the Contract Administrator approving extraordinary work. Failure to do so will result in payment being withheld for such services. The extraordinary labor cost shall be as stated on the current Pricing Agreement.

5. Phase Funding Schedule.

| Phase | Dates | Amount | Description of Work |
|-------|---|--------|---|
| 1 | FY12 – Contract Award through completion of Agreement | \$TBD | Task 1: Project Initiation and Management Task 2: Detailed Data Review |
| 2 | FY13 - July 1, 2012 through completion of Agreement | \$TBD | Task 3: Rate and Customer Allocation Development Task 4: Public Outreach |
| 3 | FY14 -July 1, 2013 through completion of Agreement | \$TBD | Task 5: Additional As Needed Services |
| 4 | FY15 - July 1, 2014 through completion of Agreement | \$TBD | Task 5: Additional As Needed Services |
| 5 | FY16 July 1, 2015 through completion of Agreement | \$TBD | Task 5: Additional As Needed Services |

Compensation Under Each Phase. Total compensation to be paid to the Consultant by the City for all Professional Services performed under each phase of this Agreement shall not exceed the amount specified for each phase in the Phase Funding Schedule unless otherwise agreed to in writing. When additional funds are available for the full requirements of each phase subsequent to the first phase, the City will notify the Consultant. The City is not obligated to the Consultant for any amount over that specified in the Phase Funding Schedule as available for Agreement performance and authorized by the City. The Consultant is not obligated to incur costs for the performance of work for any funding phase after the first funding phase unless and until written notification is received from the City of an increase in the availability of funds. If so notified, the Consultant's obligation shall increase only to the extent of the work specified for the additional funding phase for which funds are made available.

B. PRICING

Unless called for in the General Contract Clauses, no escalation factor is allowed. The Contractor must notify the City in writing in the event of a decline in market price(s) below the Price Schedule and the City will make an adjustment in the Contract Amount or elect to re-solicit.

Unless the Contractor clearly indicates that the price is based on consideration of being awarded the entire lot and that an adjustment to the price was made based on receiving the entire Proposal, any difference between the unit price correctly extended and the total price shown for all items offered shall be resolved in favor of the unit price.

RFP No. 10020688-12-C

SECTION H
SPECIAL CONTRACT REQUIREMENTS
(RESERVED)

SECTION I
GENERAL CONTRACT CLAUSES

I.01 Definitions

Addenda – Additional terms or modifications to a Request For Proposal (RFP) after original RFP was issued.

Alternate Proposal – A response to a Solicitation, in addition to a Proposal that meets Specifications, which meets or exceeds the Specifications and offers additional advantages to the City.

Amendment – A document, signed by the Purchasing Agent or designee, and the Contractor, which outlines changes to an existing Contract.

Announcement – a notice of procurement opportunity.

Announcement of the Selected Contractor – A written announcement sent to all Contractors that submitted a proposal in response to this RFP (also known as the Intent to Award to an Apparent Successful Proposal or Contractor).

Apparent Successful Proposal or Contractor – The Proposal best meeting the City's requirements which will be awarded the Contract, provided that all conditions subsequent are fulfilled.

Award – City's acceptance of the Apparent Successful Proposal after required approvals.

BAFO – Best and Final Offer.

Contract – The agreement between the City and the Successful Contractor which includes the terms and conditions in the Contract Documents and the Successful Proposal.

Contract Administrator - Successful Contractor's point of contact for implementation of project specified per this RFP. Contact information for Contract Administrator will be provided after award of contract. as Project Manager.

Contract Amount – The prices quoted on the Price Schedule in the Successful Proposal which the City agrees to pay.

Contract Documents – The documents as defined in the "Contract Form."

Contract Term – The duration of the Contract as provided in the Contract Documents.

Contractor/Vendor/Proposer/Bidder/Consultant – A supplier of goods and services. A reference to a supplier of product or service. These names are interchangeably used throughout the RFP.

Debarment – A prohibition against participation in City Contracts for reasons and grounds specified in the San Diego Municipal Code.

Emergency – Reasonably unforeseen circumstances as defined in the Municipal Code, which require the City to change the Contract Terms.

Guarantee of Good Faith – A guarantee in the form of a check, bond or deposit required from each Contractor to be used by the City in the event that an Apparent Successful Contractor fails to honor the Terms of the Proposal.

Must - Used throughout this RFP to indicate mandatory requirements. Same as “shall.”

Notice to Proceed – A written notification from the City to the successful bidder or Contractor stating that there is an award of contract in accordance with the a bid or proposal previously submitted, and that effective with receipt the Contractor shall proceed with performance; allows work to start.

Price Schedule – Forms issued by the Purchasing Agent for Contractors to quote Contract Amount.

Procurement Card – City issued credit card.

Proposal – An offer to enter into a Contract with the City for goods or services at a specified amount subject to the terms and conditions of the Contract Documents.

Proposal Closing – The date and time when all Proposals must be received by the Purchasing Agent in order to be considered for Award.

Proposed Equivalent – Goods proposed by a Contractor to be equal to those described in the Specifications.

Protest – A complaint by an unsuccessful Contractor about a City action or decision related to the selection of the Apparent Successful Contractor prepared in compliance with the provisions of the San Diego Municipal Code.

Purchase Order – The Purchasing Agent’s form used to formalize a purchase transaction which is necessary prior to any services or goods being provided pursuant to the Contract.

Purchasing Agent – The person with authority as delegated by the Mayor to enter into, administer, and /or terminate contracts, and make related determinations and findings.

Solicitation or Request For Proposal – Document inviting prospective Contractors to submit Proposals for goods or services.

Special Contract Requirements – Additional provisions which are unique to the particular type of Contract being awarded.

Specifications or Scope of Services – A description of the physical and functional characteristics or the nature of a supply or service and the performance requirements.

Suspension – A prohibition against submitting Proposals on City projects for a temporary period of time as specified in the San Diego Municipal Code.

I.02 Type of Contract

This is a fully burdened fixed price contract.

I.03 Term of Contract

The term of this contract shall be the performance period as defined in this solicitation, with dates to be memorialized in the Notice to Proceed.

I.04 Notice to Proceed

The Contractor shall not proceed with any work required by this contract without a written Notice to Proceed from the City of San Diego. Any work performed or expenses incurred by the Contractor prior to the Contractor's receipt of Notice to Proceed shall be entirely at the Contractor's risk.

I.05 Option to Extend Services/Term

The City of San Diego may require continued performance of any services within the limits and at the rates specified in the contract. These rates may be adjusted only as required by law (for example, pursuant to adjustments in prevailing wage, minimum wage or local living wage rates). The City will not grant an option, if the Contractor requests an increase which exceeds the average percentage variant for the previous twelve (12) months in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the San Diego area as published by the Bureau of Labor Statistics, or 5.0%, whichever is less. If a price increase is requested, the Contractor must provide detailed supporting documentation to justify the requested increase. The requested increase will be evaluated by the City, and the City reserves the right to accept or reject such request. If any such adjustment results in a change in the contract price that change must be agreed to by the parties in writing pursuant to Section I.13, Changes. The option provision may be exercised more than once. The Purchasing Agent may exercise the option by written notice to the Contractor within thirty (30) days prior to the expiration of the prior term.

The City of San Diego may extend the term of this contract by written notice to the Contractor within thirty (30) days; provided, the City of San Diego gives the Contractor a preliminary written notice of its intent to extend at least thirty (30) days before the contract expires. The preliminary notice does not commit the City of San Diego to an extension.

If the City of San Diego exercises this option, the extended contract shall be considered to include this option clause.

The total duration of this contract, including the exercise of any options under this clause, shall not exceed five (5) years without approval of the City of San Diego Council by Ordinance pursuant to San Diego City Charter Section 99.

I.06 Conflict of Interest

The Contractor is subject to all federal, state and local conflict of interest laws, regulations and policies applicable to public contracts and procurement practices, including but not limited to California Government Code sections 1090, et. seq. and 81000, et. seq. The City may determine that a conflict of interest code requires the Contractor to complete one or more statements of economic interest disclosing relevant financial interests. Upon City's request, Contractor shall submit the necessary documents to the City.

The Contractor shall establish and make known to its employees and agents appropriate safeguards to prohibit employees from using their positions for a purpose that is, or that gives the appearance of being, motivated by the desire for private gain for themselves or others, particularly those with whom they have family, business or other relationships.

In connection with any task, Contractor shall not recommend or specify any product, supplier, or Contractor with whom the Contractor has a direct or indirect financial or organizational interest or relationship that would violate conflict of interest laws, regulations, or policies.

If the Contractor violates any conflict of interest laws or any of these provisions in this Section, the violation shall be grounds for immediate termination of this Agreement. Further, the violation subjects the Contractor to liability to the City for attorney fees and all damages sustained as a result of the violation.

I.07 Holidays: The City of San Diego observes the following Holidays (the City of San Diego Municipal Code provides that whenever a holiday falls on a Saturday, the preceding Friday is a holiday and when a holiday falls on a Sunday, the following Monday is a holiday):

New Year's Day
Martin Luther King, Jr. Day
Presidents' Day
Cesar Chavez Day
Memorial Day

Independence Day
Labor Day
Veterans' Day
Thanksgiving Day
Christmas Day

I.08 Availability of Funds

Multi-year Contracts are subject to annual appropriation of funds by the City Council. Purchase Orders are funded when issued, so are not subject to any subsequent appropriation of funds. All goods and services will be ordered by means of a Purchase Order or through a Procurement Card transaction.

In the event sufficient funds are not appropriated for the next fiscal year, the Contract may be terminated at the end of the current fiscal year. The City shall not be obligated to make further payments. In the event of termination or reduction of services or quantity of goods, Contractor shall be compensated in accordance with auditable costs for services or products provided prior to notification of termination.

I.09 Insurance

Contractor shall not begin any work under Agreement until it has: (a) obtained, and upon the City's request provided to the City, insurance certificates reflecting evidence of all insurance required in below; however, the City reserves the right to request, and the Contractor shall submit, copies of any policy upon reasonable request by the City; (b) obtained City approval of each insurance company or companies; and (c) confirmed that all policies contain the specific provisions required below. Contractor's liabilities, including but not limited to Contractor's indemnity obligations, under this Agreement, shall not be deemed limited in any way to the insurance coverage required herein. Maintenance of specified insurance coverage is a material element of this Agreement and Contractor's failure to maintain or renew coverage or to provide evidence of renewal during the term of this Agreement may be treated as a material breach of contract by the City. The Contractor shall not modify any policy or endorsement thereto which increases the City's exposure to loss for the duration of this Agreement.

9.1 Types of Insurance. At all times during the term of this Agreement, the Contractor shall maintain insurance coverage as follows:

Commercial General Liability (CGL). Insurance written on an ISO Occurrence form CG 00 01 07 98 or an equivalent form providing coverage at least as broad which shall cover liability arising from any and all personal injury or property damage in the amount of \$1 million per occurrence and subject to an annual aggregate of \$2 million. There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured vs. insured claims or contractual liability. All defense costs shall be outside the limits of the policy.

Commercial Automobile Liability. For all of the Contractor's automobiles including owned, hired and non-owned automobiles, the Contractor shall keep in full force and effect, automobile insurance written on an ISO form CA 00 01 12 90 or a later version of this form or an equivalent form providing coverage at least as broad for bodily injury and property damage for a combined single limit of \$1 million per occurrence. Insurance certificate shall reflect coverage for any automobile (any auto).

Workers' Compensation. For all of the Contractor's employees who are subject to this Agreement and to the extent required by the applicable state or federal law, the Contractor shall keep in full force and effect, a Workers' Compensation policy. That policy shall provide a minimum of \$1 million of employers' liability coverage, and the Contractor shall provide an endorsement that the insurer waives the right of subrogation against the City and its respective elected officials, officers, employees, agents and representatives.

Professional Liability. The winning Proposer shall obtain, at its sole cost and expense, Professional Liability coverage with limits of at least \$1,000,000.00 (one million) per occurrence and \$2,000,000.00 (two million) aggregate, covering the risk of errors and omissions, negligent acts and costs of claims/litigation, including investigation and court costs. If the coverage is written on a "claims-made" form, the winning Proposer must ensure that the policy retro date is on or before the date of the award of this RFP and that coverage is maintained or the policy has a reporting period of at least three (3) years following completion or termination of the performance of professional services under this RFP.

9.2 Deductibles. All deductibles on any policy shall be the responsibility of the Contractor and shall be disclosed to the City at the time the evidence of insurance is provided.

9.3 Acceptability of Insurers. Except for the State Compensation Insurance Fund, all insurance required by this Contract or in the Special General Conditions shall only be carried by insurance companies with a rating of at least "A-, VI" by A.M. Best Company, that are authorized by the California Insurance Commissioner to do business in the State of California, and that have been approved by the City.

The City will accept insurance provided by non-admitted, "surplus lines" carriers only if the carrier is authorized to do business in the State of California and is included on the List of Eligible Surplus Lines Insurers (LESLI list). All policies of insurance carried by non-admitted carriers are subject to all of the requirements for policies of insurance provided by admitted carriers described herein.

9.4 Required Endorsements. The following endorsements to the policies of insurance are required to be provided to the City before any work is initiated under this Agreement.

Commercial General Liability Insurance Endorsements

ADDITIONAL INSURED. To the fullest extent allowed by law including but not limited to California Insurance Code Section 11580.04, the policy or policies must be endorsed to include as an Insured the City of San Diego and its respective elected officials, officers, employees, agents and representatives with respect to liability arising out of (a) ongoing operations performed by you or on your behalf, (b) your products, (c) your work, including but not limited to your completed operations performed by you or on your behalf, or (d) premises owned, leased, controlled or used by you.

PRIMARY AND NON-CONTRIBUTORY COVERAGE. The policy or policies must be endorsed to provide that the insurance afforded by the Commercial General Liability policy or policies is primary to any insurance or self-insurance of the City of San Diego and its elected officials, officers, employees, agents and representatives as respects operations of the Named Insured. Any insurance maintained by the City of San Diego and its elected officials, officers, employees, agents and representatives shall be in excess of Contractor's insurance and shall not contribute to it.

SEVERABILITY OF INTEREST. The policy or policies must be endorsed to provide that the Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability and shall provide cross-liability coverage.

Automobile Liability Insurance Endorsements

ADDITIONAL INSURED. To the fullest extent allowed by law including but not limited to California Insurance Code Section 11580.04, the policy or policies must be endorsed to include as an Insured the City of San Diego and its respective elected officials, officers, employees, agents and representatives with respect to liability arising out of automobile owned, leased, hired or borrowed by or on behalf of the Contractor.

SEVERABILITY OF INTEREST. The policy or policies must be endorsed to provide that Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability and shall provide cross-liability coverage.

Worker's Compensation Insurance Endorsements

WAIVER OF SUBROGATION. The Worker's Compensation policy or policies must be endorsed to provide that the insurer will waive all rights of subrogation against the City and its respective elected officials, officers, employees, agents and representatives for losses paid under the terms of this policy or these policies which arise from work performed by the Named Insured for the City.

9.5 Reservation of Rights. The City reserves the right, from time to time, to review the Contractor's insurance coverage, limits, deductible, and self-insured retentions to determine if they are acceptable to the City. The City will reimburse the Contractor for the cost of the additional premium for any coverage requested by the City in excess of that required by this Agreement without overhead, profit, or any other markup.

9.6 Additional Insurance. The Contractor may obtain additional insurance not required by this Agreement.

9.7 Excess Insurance. All policies providing excess coverage to the City shall follow the form of the primary policy or policies including but not limited to all endorsements.

I.10 Criminal Background Screening

All Contractor employees working on this contract must have a criminal background check and all affected employees shall be clear of any sexual and drug related convictions. All Contractor employees shall be free from any felony convictions. The Contractor shall ensure that a criminal background check is conducted and the record(s) of the employee(s) are clear of all of the aforementioned criminal convictions.

I.11 Jurisdiction, Venue

The venue for any suit or proceeding concerning Proposals or the Contract Documents, the interpretation or application of any of its Terms, or any related disputes shall be in the County of San Diego, State of California.

I.12 Legal Requirements

Federal, state, county and local laws, ordinance, rules and regulations that in any manner affect the goods or services covered herein apply. Lack of knowledge by the Contractor will in no way be a cause for relief from responsibility. Any acts or omissions of Contractor in violation of federal, state, or municipal law, City Charter, City Policies or regulations [regarding anti-competitive practices, unfair trade practices, collusion, gratuities, kickbacks, contingent fees, contemporaneous employment, or similar violations creating an unfair influence on the public solicitation, and award process pertaining to this Contract] shall void this Contract. In addition to all other remedies or damages allowed by law, Contractor is liable to City for all damages arising out of the violation of any applicable law, including costs for substitute performance, and is subject to Suspension and Debarment.

I.13 Changes

- a. The Purchasing Agent may, at any time, by written order and without notice to the sureties, make changes within the general scope of the contract in the services to be performed. If such changes cause an increase or decrease in the Contractor's cost of, or time required for, performance of any services under this contract, whether or not changed by any order, an equitable adjustment shall be made and the contract shall be modified in writing accordingly. Any claim of the Contractor for adjustment under this clause must be asserted in writing within thirty (30) days from the date of receipt by the Contractor of the notification of change unless the Purchasing Agent grants a further period of time before the date of final payment under the contract.
- b. No services for which an additional cost or fee will be charged by the Contractor shall be furnished without the prior written authorization of the Purchasing Agent.
- c. The Contract Documents fully express all understandings of the parties concerning the matters therein. No verbal understanding of the parties, their officers, agents, or employees shall be valid unless made in the form of a written change agreed to in writing.

I.14 Drug-Free Workplace

The Contractor agrees to comply with the City's Drug-Free Workplace requirements set forth in Council Policy 100-17, adopted by San Diego Resolution R-277952 and incorporated into this Agreement by this reference.

I.15 Notices

Notices under this Contract shall be in writing, shall reference the Contract Number, and shall be considered effective upon personal delivery to the individuals listed below or five (5) calendar days after deposit in any U.S. mailbox, first class and addressed to the other party as follows:

- The City of San Diego:
Purchasing Agent
Purchasing & Contracting Department
1200 Third Avenue, Suite 200
San Diego CA 92101-4195

I.16 Indemnification and Hold Harmless Agreement

With respect to any liability, including but not limited to claims asserted or costs, losses, attorney fees, or payments for injury to any person or property caused or claimed to be caused by the acts or omissions of the Contractor, or the Contractor's employees, agents, and officers, arising out of performance involving this Contract, the Contractor agrees to defend, indemnify, protect, and

hold harmless the City, its agents, officers, and employees from and against all liability. Also covered is liability arising from, connected with, caused by, or claimed to be caused by the active or passive negligent acts or omissions of the City, its agents, officers, or employees which may be in combination with the active or passive negligent acts or omissions of the Contractor, its employees, agents or officers, or any third party. The Contractor's duty to defend, indemnify, protect and hold harmless shall not include any claims or liabilities arising from the sole negligence or sole willful misconduct of the City, its agents, officers or employees.

I.17 The City of San Diego Restrictions

In the event any City of San Diego restrictions may be imposed which would necessitate alteration of material, quality, workmanship or performance of the goods or services offered, it shall be the responsibility of the Contractor to immediately notify in writing specifying the regulation which requires alteration. The City of San Diego reserves the right to accept any such alteration, including any reasonable price adjustments occasioned thereby, or to cancel the contract at no expense to the City of San Diego.

I.18 Assignment or Transfer

The Contractor shall not assign or transfer any interest in the contract, in whole or part, without written approval of the Purchasing Agent. Claims for sums of money due, or to become due from the City of San Diego pursuant to the contract may be assigned to a bank, trust company or other financial institution. The City of San Diego is hereby expressly relieved and absolved of any and all liability in the event a purported assignment or subcontracting of the contract is attempted in the absence of the Contractor obtaining the Purchasing Agent's prior written approval.

Any assignment in violation of this paragraph shall constitute a default and is grounds for immediate termination of this Contract, at the sole discretion of the City. In no event shall any putative assignment create a contractual relationship between the City and any putative assignee.

I.19 Availability of Records

The Contractor shall retain and maintain all records and documents relating to City Contracts for five (5) years after receipt of final payment by the City or any applicable statute of limitation, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the City, including the Purchasing Agent or designee.

The Contractor shall make available all requested data and records at reasonable locations within the City or County of San Diego, at any time during normal business hours, and as often as the City deems necessary. If records are not made available within the City or County of San Diego, the Contractor shall pay the City's travel costs to the location where the records are maintained. Failure to

make requested records available for audit by the date requested may result in termination of the Contract.

Contractor must include this provision in all subcontract documents exceeding \$5,000.

I.20 Standards of Conduct

The Contractor shall be responsible for maintaining satisfactory standards of employees' competence, conduct, courtesy, appearance, honesty, and integrity. It shall be responsible for taking such disciplinary action with respect to any of its employees as may be necessary. The following actions may require discipline:

- a. Neglect of duty;
- b. Disorderly conduct, use of abusive or offensive language, quarreling, intimidation by words or actions or fighting;
- c. Theft, vandalism, immoral conduct or any other criminal action;
- d. Selling, consuming, possessing, or being under the influence of intoxicants, including alcohol, or illegal substances while on assignment at the City of San Diego; and
- e. Criminal convictions.

Contractor shall be responsible for working in harmony with all others involved with this Contract. Employees and agents of Contractor shall, while on the premises of the City, comply with all City rules and regulations.

I.21 Removal of Employees

The City of San Diego may request the Contractor immediately remove from assignment to the City of San Diego any employee found unfit to perform duties at the discretion of the City of San Diego and Contractor shall comply with all such requests.

I.22 Supervision

The Contractor shall provide adequate and competent supervision at all times during the performance of the contract. The Contractor or his designated representative shall be readily available to meet with the City of San Diego personnel. The Contractor shall provide the telephone numbers where its representative(s) can be reached.

I.23 Performance Evaluation Meeting

The Contractor shall be readily available to meet with representatives of the City of San Diego weekly during the first month of the contract and as often as necessary thereafter for the purpose of evaluating Contractor's performance on

the Contract. A mutual effort will be made to resolve any and all performance problems identified at these meetings.

I.24 Federal, State and Local Reporting Compliance

The Contractor shall provide such financial and program information as required by the City of San Diego to comply with all Federal, State and local law reporting requirements.

I.25 Nondiscrimination

25.1 Compliance with the City's Equal Opportunity Contracting Program. The Contractor shall comply with the City's Equal Opportunity Contracting Program. For applicable rules go to San Diego Municipal Code Chapter 2, Article 2, Division 27 (Section 22.2701 et. seq.), and <http://www.sandiego.gov/eoc/index.shtml>. The Contractor shall not discriminate against any employee or applicant for employment on any basis prohibited by law. The Contractor shall provide equal opportunity in all employment practices. The Contractor shall ensure that its Sub-Contractors comply with the City's Equal Opportunity Contracting Program Contractor Requirements. Nothing in this Section shall be interpreted to hold the Contractor liable for any discriminatory practice of its Sub-Contractors.

25.2 Non-Discrimination Ordinance. The Contractor shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring or treatment of Sub-Contractors, Contractors or suppliers. The Contractor shall provide equal opportunity for Sub-Contractors to participate in subcontracting opportunities. The Contractor understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in contract termination, debarment, and other sanctions. This language shall be in contracts between the Contractor and any Sub-Contractors, Contractors and suppliers.

25.3 Compliance Investigations. Upon the City's request, the Contractor agrees to provide to the City, within sixty (60) calendar days, a truthful and complete list of the names of all Sub-Contractors, Contractors, and suppliers that the Contractor has used in the past five (5) years on any of its contracts that were undertaken within San Diego County, including the total dollar amount paid by the Contractor for each subcontract or supply contract. The Contractor further agrees to fully cooperate in any investigation conducted by the City pursuant to the City's Nondiscrimination in Contracting Ordinance [San Diego Municipal Code sections 22.3501-22.3517]. The Contractor understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in remedies being ordered against the Contractor up to and including contract termination, debarment, and other sanctions for violation of the provisions of the Nondiscrimination in Contracting Ordinance. The Contractor further understands and agrees that the procedures, remedies and sanctions provided for in the Nondiscrimination Ordinance apply only to violations of said Nondiscrimination Ordinance.

I.26 Project Personnel

Except as formally approved by the City of San Diego, the key personnel identified in the Contractor's Bid shall be the individuals who will actually complete the work, at the proposed levels of effort. Changes in staffing must be proposed in writing to the City of San Diego and approved.

I.27 Photo Identification Badge

The Contractor(s) shall provide any individual assigned to the City of San Diego, a company photo identification badge, which must be worn at all times while on the City of San Diego property. The City of San Diego reserves the right to require the Contractor to pay fingerprinting fees for personnel assigned to work in sensitive areas. Upon completion of the service and prior to final payment of invoice, all employees shall turn in their photo identification badges to the Contractor.

I.28 Lobbyist Activities

Persons acting as lobbyists must state, at the beginning of their presentation, letter, telephone call, e-mail or facsimile transmission to any Purchasing Agent, Council Member of the City of San Diego, Mayor, members of Senior Management; the name of, the group, association, organization or business interest she/he is representing.

1. For purposes of The City of San Diego Policy, as currently enacted or as amended from time to time, a lobbyist is defined as a person who for immediate or subsequent compensation, (e.g., monetary profit/personal gain) represents a public or private group, association, organization or business interest and engages in efforts to influence the City of San Diego on matters within their official jurisdiction.
2. For purposes of this Policy, a lobbyist is not considered a public official acting in her/his official capacity.
3. Lobbyists shall annually disclose in each instance and for each client prior to any lobbying activities, their identity and activities.
4. The lobbyist must disclose any direct business association with any current elected or appointed official or employee or any immediate family member of a City of San Diego employee.

I.29 Gratuities

1. The right of the Contractor to proceed may be terminated by written notice if, after notice and hearing, the Purchasing Agent or a designee determines that the Contractor, its agent, or another representative:
 - a. Offered or gave a gratuity (e.g., entertainment or gift) to an officer, or employee of the City of San Diego; and

- b. Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.
2. The facts supporting this determination may be reviewed by any court having lawful jurisdiction. If this contract is terminated under the first paragraph above, The City of San Diego is entitled:
- a. To pursue the same remedies as in a breach of the contract; and
 - b. In addition to any other damages provided by law, to exemplary damages of not less than three (3) nor more than ten (10) times the cost incurred by the Contractor in giving gratuities to the person concerned, as determined by the Purchasing Agent or a designee.

I.30 Termination

1. Termination for Default

The City may, by written notice of default to the Contractor, terminate the whole, or any part of, this Contract, provided that Contractor fails to cure such default within ten (10) days after receipt of such notice. The following are considered defaults:

- a. Failure to make delivery of the goods or to perform the services within the time specified; or
- b. Failure to perform any of the obligations of this Contract, or to make progress in performance which may jeopardize full performance.

In the event the City terminates this Contract, in whole or in part, the City may procure, upon such terms and in such manner as the Purchasing Agent may deem appropriate, goods or services and the Contractor shall be liable to the City for any excess costs. The Contractor shall also continue performance to the extent not terminated.

2. Termination for Convenience

The Purchasing Agent, by written thirty (30) day notice, may terminate this Contract, in whole or in part, when it is in the best interest of the City. Contractor shall be compensated in accordance with auditable costs for services or products provided prior to notification of termination.

The Purchasing Agent may, by written notice to the Contractor, terminate this contract in whole or in part at any time as stated above. Upon receipt of such notice, the Contractor shall: (1) immediately discontinue all services affected (unless the notice directs otherwise), and (2)

- a. Deliver to the Purchasing Agent all data, drawings, specifications, reports, estimates, summaries, and such other information and materials as may

have been accumulated by the Contractor in performing this contract, whether completed or in process.

- b. If the termination is for the convenience of the City of San Diego and if this is a fixed price contract, an equitable adjustment in the contract price shall be made, but no amount shall be allowed for anticipated profit on unperformed services.
- c. If, after notice of termination for failure to fulfill contract obligations (default), it is determined that the Contractor had not so failed, the termination shall be deemed to have been effected for the convenience of the City of San Diego. In such event, adjustment in the contract price shall be made as provided in paragraph (2) of this clause.
- d. The rights and remedies of the City of San Diego provided in this clause are in addition to any other rights and remedies provided by law or under this contract. Time is of the essence for all delivery, performance, submittal, and completion dates in this contract.

I.31 Insolvency

In the event the Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish, by certified mail or electronic commerce method authorized by the contract, written notification of the bankruptcy to the Purchasing Agent responsible for administering the contract. This notification shall be furnished within five (5) days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of the City of San Diego contract numbers and contracting offices for all the City of San Diego contracts against which final payment has not been made. This obligation remains in effect until final payment under this contract.

I.32 Dispute Resolution

Except as otherwise provided in this Contract any dispute concerning a question of fact arising under this Contract, shall be decided by the Purchasing Agent. The decision of the Purchasing Agent is final and conclusive unless, within thirty (30) days from the date of receipt of such decision, the Contractor mails or otherwise furnishes to the Purchasing Agent a written appeal. The decision of the Purchasing Agent, or his duly authorized representative for the determination of such appeals, is final and conclusive. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of his appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the Contract and in accordance with the Purchasing Agent's decision.

I.33 Patents and Royalties

Unless otherwise specified, the Contractor shall pay all royalties, license and patent fees. In submitting a Proposal, the Contractor warrants that the materials to be supplied do not infringe upon any patent, trademark or copyright and further agrees to defend any and all suits, actions and claims for infringement that are brought against the City, whether general, exemplary or punitive, as a result of any actual or claimed infringement asserted against the City, the Contractor or those furnishing material to the Contractor pursuant to this Contract. The Contractor, without exception, shall defend, indemnify and hold harmless the City of San Diego and its employees from liability of any nature or kind, including cost and expenses for or on account of any copyrighted, patented, or unpatented invention, process, or article manufactured or used in the performance of the contract, including its use by the City of San Diego. If the Contractor uses any design, device, or materials covered by letters, patent, or copyright, it is mutually understood and agreed without exception that the contract prices shall include all royalties or cost arising from the use of such design, device or materials in any way involved in the work.

I.34 Warranty of Services

1. "Acceptance," as used in this clause, means the act of an authorized representative of the City of San Diego by which the City of San Diego assumes for itself, or as an agent of another, ownership of existing and identified supplies, or approves specific services, as partial or complete performance of the contract. "Correction," as used in this clause, means the elimination of defect.
2. Notwithstanding inspection and acceptance by the City of San Diego or any provision concerning the conclusiveness thereof, the Contractor warrants that all services performed under this contract will, at the time of acceptance, be free from defects in workmanship and conform to the requirements of this contract. The Purchasing Agent shall give written notice of any defect or nonconformance to the Contractor within twenty-four (24) hours. This notice shall state either (1) that the Contractor shall correct or re-perform any defective or nonconforming services, or (2) that the City of San Diego does not require correction or re-performance.
3. If the Contractor is required to correct or re-perform, it shall be at no cost to the City of San Diego, and any services corrected or re-performed by the Contractor shall be subject to this clause to the same extent as work initially performed. If the Contractor fails or refuses to correct or re-perform, the Purchasing Agent may, by contract or otherwise, correct or replace with similar services and charge to the Contractor the cost occasioned to the City of San Diego thereby, or make an equitable adjustment in the contract price.
4. All goods and services provided under the Contract shall be warranted by Contractor and/or manufacturer for at least twelve (12) months after Acceptance by City, except automotive equipment, which will be warranted

for a minimum of 12,000 miles or 12 months, whichever occurs first, unless stated differently in the Contract Documents.

5. Contractor shall be responsible to the City for all warranty service, parts and labor. Contractor is responsible for ensuring that warranty work is performed at a facility acceptable to City and that services, parts and labor are available and provided to meet City's schedules and deadlines. Contractor may establish a warranty service contract with an agency satisfactory to City instead of performing the warranty service itself.

I.35 Licenses and Permits

The Contractor shall, without additional expense to the City of San Diego, be responsible for obtaining any necessary licenses, permits, certifications, accreditations, fees and approvals for complying with any federal, state, county, municipal, and other laws, codes, and regulations applicable to the performance of the work or to the products or services to be provided under this contract including, but not limited to, any laws or regulations requiring the use of licensed Contractors to perform parts of the work.

I.36 Taxes

The City will furnish Exemption Certificates for Federal Excise Tax. The City is liable for State, City, and County Sales Taxes. Do not include this tax in the Amount proposed; it will be added to the net amount invoiced. All or any portion of the City Sales Tax returned to the City will be considered in the evaluation of Proposals.

I.R.S. regulations require the City to have the correct name, address, and Taxpayer Identification Number (TIN) or Social Security Number (SSN) on file for businesses or persons who provide services or products to the City. This information is necessary to complete Form 1099 at the end of each tax year.

In order to comply with I.R.S. regulations, the City requires each Contractor to provide a Form W-9 prior to Award of Contract. Failure to provide a completed Form W-9 within ten (10) business days of the City's request may result in a Proposal being declared non-responsive and rejected.

I.37 Protection of the City of San Diego Property

The Contractor shall use reasonable care to avoid damaging existing buildings, equipment, and vegetation on or about premises owned by, or under the control of, the City of San Diego. If the Contractor's failure to use reasonable care causes damage to any of this property, the Contractor shall replace or repair the damage at no expense to the City of San Diego as the Purchasing Agent directs. If the Contractor fails or refuses to make such repair or replacement, the Contractor shall be liable for the cost, which may be deducted from the contract price.

I.38 Publicity Releases

All publicity releases or releases of reports, papers, articles, maps, or other documents in any way concerning this contract or the work, hereunder, which the Contractor or any of its Sub-Contractors desires to make for purposes of publication in whole or in part, shall be subject to approval by the Purchasing Agent prior to release.

I.39 Suspension of Work

The Purchasing Agent may order the Contractor in writing to suspend all or any part or the work for such period of time as he or she may determine to be appropriate for the convenience of the City of San Diego. In the case of delay caused by the City, the Contractor may be entitled to an adjustment. However, no part of any claim based on the provisions of this clause shall be allowed if not supported by adequate evidence showing that the cost would not have been incurred but for a delay within the provisions of this clause.

I.40 Standards of Performance

The Contractor shall perform all services required by this contract in accordance with high professional standards prevailing in the Contractor's field of work.

Unless otherwise required in the Scope of Services/Work, all goods furnished shall be new and the best of their kind.

Any reference to a specific brand name is illustrative only and describes a component best meeting the specific operational, design, performance, maintenance, quality or reliability standards and requirements of the City, thereby incorporating these requirements by reference within the Specification. An equivalent ("or equal") may be offered by the Contractor in response to a brand name reference (Proposed Equivalent). The City may consider the Proposed Equivalent after it is subjected to testing and evaluation which must be completed prior to Award of the Contract. If the Contractor offers an item of a manufacturer or Contractor other than that specified, Contractor must identify maker, brand, quality, manufacturer number, product number, catalog number, or other trade designation.

The City has complete discretion in determining whether a Proposed Equivalent will satisfy its requirements. It is the Contractor's responsibility to provide, at its expense, any product information, test data or other information or documents the City requests in order to properly evaluate or demonstrate the acceptability of the Proposed Equivalent, including independent testing or evaluation at qualified test facilities or destructive testing.

If the item in the Specifications has a trade name, brand, catalog, manufacturer, and/or product number, Contractor shall state the applicable trade name, brand, catalog, manufacturer, and/or product number in the Proposal.

If Contractor has offered goods or services which are responsive, Contractor may thereafter include with the Proposal any additional proposals or alternative goods that are not "equals" but that Contractor believes may meet or exceed City's requirements and that offer City additional advantages or benefits. City reserves the right to evaluate and accept or reject such Alternative Proposals as though they were part of the original Specifications without advertising for further Proposals or to re-advertise based on such Alternative Proposals when in the best interests of the City. Proposers must submit alternate proposals as a separately bound proposal and must be prepared in accordance with the instructions specified in Section L of this RFP.

Services performed and goods provided, must be acceptable to the City, in strict conformity with all instructions, conditions, and terms of the Contract Documents and performed in accordance with the standards customarily adhered to by an experienced and competent professional using the degree of care and skill ordinarily exercised by reputable professionals practicing in the same field of service in the State of California. Where approval by the City, Mayor, or other representatives of the City is required, it is understood to be general approval only and does not relieve the Contractor of responsibility for complying with all applicable laws, codes, and good business practices.

I.41 Notice of Labor Disputes

- a. If the Contractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, the Contractor immediately shall give notice, including all relevant information, to the Purchasing Agent.
- b. The Contractor agrees to insert the substance of this clause, including this paragraph, in any subcontract under which a labor dispute may delay the timely performance of this contract; except that each subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the Sub-Contractors shall immediately notify the next higher tier Sub-Contractors or the Contractor, as the case may be, of all relevant information concerning the dispute,

I.42 Pending Legal Dispute

Unless the Contractor specifically indicates otherwise in the Proposal, submission of a proposal is deemed a warranty by Contractor that no judgments or awards have been entered against Contractor and that it is not currently involved in litigation or arbitration concerning Contractor's provision of services or goods similar to those which are the subject of this Contract. If Contractor discloses that such a warranty cannot be made, the City will require Contractor to furnish the City with a performance bond executed by a surety company authorized to do business in the State of California and approved by the City in a sum equal to one hundred percent (100%) of the Contract Amount.

It is the policy of the City of San Diego that one factor, among others, that are to be considered when awarding a contract or approving a purchase order is the existence of a pending legal dispute - whether in court or an alternative dispute forum - with any Contractor or Contractor which has submitted a bid or proposal. Before including a consideration of the legal dispute as a factor, a Purchasing Agent shall seek the advice of the City Attorney regarding the legal dispute.

I.43 Time of Essence

Time is of the essence for each provision of the Contract Documents, unless specified otherwise.

I.44 Americans with Disabilities Act Certification

The Contractor hereby certifies that it agrees to comply with the City's Americans With Disabilities Act Compliance/City Contracts requirements set forth in Council Policy 100-04, adopted by San Diego Resolution R-282153 and incorporated into this Agreement by this reference.

I.45 Debarment Proceedings

Contractor misconduct may be punishable by suspension or debarment in accordance with San Diego Municipal Code Sections 22.0800, *et seq.*

I.46 Public Agency

Other public agencies as defined by Cal. Gov. Code § 6500 may choose to use this Contract, subject to the Contractor's acceptance. The City is not liable or responsible for any obligations related to a subsequent agreement between the Contractor and another public agency. If agreements are entered into by other agencies and the Contractor, Contractor shall furnish the City with an annual report showing the name of the agencies, contact person and phone number for each agency, and details of goods or services provided, including quantities. This report shall be furnished to the City upon request.

I.47 Product Endorsements

Contractor is prohibited from indicating, either directly or by implication, that the City has endorsed its goods or services without prior written authorization by the City.

I.48 Procurement Card Transactions

The City may opt to purchase supplies and services via a City-issued Procurement Card. Within thirty (30) days of the City utilizing Procurement Cards as a payment vehicle, the Contractor is required to have a credit card reader capable of transmitting Procurement Card transactions at Level 2, which identify the items purchased by the City. For purchase verification, the City shall receive an itemized receipt and the respective transaction slip.

I.49 Severability

The unenforceability, invalidity, or illegality of any provision of the Contract Documents shall not render any other provision unenforceable, invalid, or illegal.

I.50 No Waiver

No failure of either the City or the Contractor to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement, shall constitute a waiver of any such breach of such covenant, term or condition. No waiver of any breach shall affect or alter this Agreement, and each and every covenant, condition, and term hereof shall continue in full force and effect to any existing or subsequent breach.

I.51 Covenants and Conditions

All provisions in the Contract expressed as either covenants or conditions on the part of the City or Contractor shall be deemed to be both covenants and conditions.

I.52 Headings

All article headings are for convenience only and shall not affect the interpretation of these Contract Documents.

I.53 Independent Contractors

The Contractor and any Sub-Contractors employed by the Contractor shall be independent Contractors and not agents of the City. Any provisions in the Contract that may appear to give the City any right to direct the Contractor concerning the details of performance, or to exercise any control over such performance, shall mean only that the Contractor shall follow the direction of the City concerning the end results of the performance.

I.54 Successors in Interest

This Contract and all rights and obligations created by this Contract shall be in force and effect whether or not any parties to the Contract have been succeeded by another entity, and all rights and obligations created by this Contract shall be vested and binding on any party's successor in interest.

I.55 Software Licensing

Contractor represents and warrants that the software, as delivered to the City, does not contain any program code, virus, worm, trap door, back door, timer, or clock that would erase data or programming or otherwise cause the software to become inoperable, inaccessible, or incapable of being used in accordance with its user manuals, either automatically, upon the occurrence of Licensor-selected conditions, or manually on the command of.

I.56 Intellectual Property

56.1 Work For Hire. All original designs, plans, specifications, reports, documentation, and other informational materials, whether written or readable by machine, originated or prepared exclusively for the City pursuant to this Agreement (Deliverable Materials) is "work for hire" under the United States Copyright law and shall become the sole property of the City. The Contractor, including its employees, and independent Sub-Contractors, shall not assert any common law or statutory patent, copyright, trademark, or any other intellectual proprietary right to the City to the deliverable Materials.

56.2. Rights in Data. All rights (including, but not limited to publication(s), registration of copyright(s), and trademark(s)) in the Deliverable Materials, developed by the Contractor, including its employees, agents, talent and independent Sub-Contractors pursuant to this Agreement are the sole property of the City. The Contractor, including its employees, agents, talent, and independent Sub-Contractors, may not use any such Product mentioned in this article for purposes unrelated to Contractor's work on behalf of the City without prior written consent of the City.

56.3 Intellectual Property Rights Assignment. Contractor, its employees, agents, talent, and independent Sub-Contractors agree to promptly execute and deliver, upon request by City or any of its successors or assigns at any time and without further compensation of any kind, any power of attorney, assignment, application for copyright, patent, trademark or other intellectual property right protection, or other papers or instruments which may be necessary or desirable to fully secure, perfect or otherwise protect to or for the City, its successors and assigns, all right, title and interest in and to the content of the Deliverable Materials; and cooperate and assist in the prosecution of any action or opposition proceeding involving said rights and any adjudication of the same.

56.4 Moral Rights. Contractor, its employees, agents, talent, and independent Sub-Contractors hereby irrevocably and forever waives, and agrees never to assert, any Moral Rights in or to the Deliverable Materials which Contractor, its employees, agents, talent, and independent Sub-Contractors, may now have or which may accrue to Contractor, its employees, agents, talent, and independent Sub-Contractors benefit under U.S. or foreign copyright laws and any and all other residual rights and benefits which arise under any other applicable law now in force or hereafter enacted. The term "Moral Rights" shall mean any and all rights of paternity or integrity of the content and the right to object to any modification, translation or use of said content, and any similar rights existing under judicial or statutory law of any country in the world or under any treaty, regardless of whether or not such right is denominated or referred to as a moral right.

56.5 Subcontracting. In the event that Contractor utilizes a Sub-Contractors for any portion of the Work that is in whole or in part of the specified Deliverable(s) to the City, the agreement between Contractor and the Sub-Contractors [Sub-Contractors Agreement] shall include a statement that identifies that the

Deliverable/Work product as a "work-for hire" as defined in the Act and that all intellectual property rights in the Deliverable/Work product, whether arising in copyright, trademark, service mark or other belongs to and shall vest solely with the City. Further, the Sub-Contractors Agreement shall require that the Sub-Contractors, if necessary, shall grant, transfer, sell and assign, free of charge, exclusively to the City, all titles, rights and interests in and to said Work/Deliverable, including all copyrights and other intellectual property rights. City shall have the right to review any Sub-Contractors Agreement for compliance with this provision.

56.6 Publication. Contractor may not publish or reproduce any Deliverable Materials, for purposes unrelated to Contractor's work on behalf of the City without prior written consent of the City.

56.7 Intellectual Property Warranty and Indemnification. Contractor represents and warrants that any materials or deliverables, including all Deliverable Materials, provided under this contract are either original, not encumbered and do not infringe upon the copyright, trademark, patent or other intellectual property rights of any third party, or are in the public domain. If Deliverable Materials provided hereunder become the subject of a claim, suit or allegation of copyright, trademark or patent infringement, City shall have the right, in its sole discretion, to require Contractor to produce, at Contractor's own expense, new non-infringing materials, deliverables or Works as a means of remedying any claim of infringement in addition to any other remedy available to the City under law or equity. Contractor further agrees to indemnify and hold harmless the City, its officers, employees and agents from and against any and all claims, actions, costs, judgments or damages of any type alleging or threatening that any materials, deliverables, supplies, equipment, services or Works provided under this contract infringe the copyright, trademark, patent or other intellectual property or proprietary rights of any third party (Third Party Claims of Infringement). If a Third Party Claim of Infringement is threatened or made before Contractor receives payment under this contract, City shall be entitled, upon written notice to Contractor, to withhold some or all of such payment.

56.8 Enforcement Costs. The Contractor agrees to pay any and all costs the City incurs enforcing the indemnity and defense provisions set forth in Article 8, including but not limited to, attorney's fees.

I.57 Confidentiality of Services

All services performed by Contractor, and any Sub-Contractors if applicable including but not limited to all drafts, data, information, correspondence, proposals, reports or any nature, estimates compiled or composed by the Contractor, are for the sole use of the City, its agents and employees. Neither the documents nor their contents shall be released to any third party without the prior written consent of the City. This provision does not apply to information that (a) was publicly known, or otherwise known to the Contractor, at the time that it was disclosed to the Contractor by the City, (b) subsequently becomes publicly known

through no act or omission of the Contractor, or (c) otherwise becomes known to the Contractor other than through disclosure by the City.

I.58 Business Tax License

Any company doing business with the City of San Diego is required to comply with Section 31.0301 of the San Diego Municipal Code regarding Business Tax. For more information please visit the City of San Diego website at www.sandiego.gov/treasurer/ or call (619) 615-1500. The City requires that each Contractor provide a copy of their Business Tax License, or a copy of their application receipt. Failure to provide the required documents within ten (10) business days of the City's request may result in a Bid being declared non-responsive and rejected.

I.59 Performance and Payment Bond

If a Guarantee of Good Faith is required, any of the following may be submitted in the amount specified made payable to the City: a certified check; a bank or postal money order; or a bid bond executed by a corporation authorized to issue surety bonds in the State of California. Failure to submit an acceptable Guarantee of Good Faith with the Proposal will automatically render it void.

The Apparent Successful Contractor may be required to furnish the City with a surety bond conditioned upon the faithful performance of the Contract. This may take the form of a bond executed by a surety company authorized to do business in the State of California and approved by the City, an endorsed Certificate of Deposit, or a money order or a certified check drawn on a solvent bank. The bond shall be in a sum equal to one hundred percent (100%) of the Amount of the Contract, unless stated differently in the Specific Provisions. The City may file a claim against such bond or deposit in the event the Contractor fails or refuses to fulfill all terms and conditions of the Contract.

I.60 Compliance with Controlling Law

The Contractor shall comply with all laws, ordinances, regulations, and policies of the federal, state, and local governments applicable to this Agreement. In addition, the Contractor shall comply immediately with all directives issued by the City or its authorized representatives under authority of any laws, statutes, ordinances, rules, or regulations.

I.61 Equal Benefits

Effective January 1, 2011, any contract awarded from this solicitation is subject to the City of San Diego's Equal Benefits Ordinance [EBO], Chapter 2, Article 2, Division 43 of the San Diego Municipal Code [SDMC].

In accordance with the EBO, Contractors must certify they will provide and maintain equal benefits as defined in SDMC §22.4302 for the duration of the contract [SDMC §22.4304(f)]. Failure to maintain equal benefits is a material

breach of the contract [SDMC §22.4304(e)]. Contractors must notify employees of their equal benefits policy at the time of hire and during open enrollment periods and must post a copy of the following statement in an area frequented by employees:

During the performance of a contract with the City of San Diego, this employer will provide equal benefits to its employees with spouses and its employees with domestic partners.

Contractors also must give the City access to documents and records sufficient for the City to verify the Contractors are providing equal benefits and otherwise complying with EBO requirements.

Full text of the EBO and the Rules Implementing the Equal Benefits Ordinance are posted on the City's website at www.sandiego.gov/purchasing/ or can be requested from the Equal Benefits Program at (619) 533-3948.

SECTION J

LIST OF ATTACHMENTS, EXHIBITS, OR APPENDICES

- Attachment 1 - Contractor Registration Form
- Attachment 2 - Contractor Standards Pledge of Compliance Questionnaire
- Attachment 3 - Equal Opportunity Contracting Program (EOCP) Proposer Requirements
- Attachment 4 - Equal Benefits Ordinance Certification

CONTRACTOR'S COVER SHEET

Legal Status of Contractor:

1. Name of Firm: Black & Veatch Corporation
2. Type of Business: The bidder represents as part of its offer that it operates as (*Mark one with an 'X'*) Individual ; Corporation ; Partnership or Joint Venture . (If a Joint Venture, provide information for each party to the joint venture when answering items 3-7 below.)
 - a) If incorporated, existing under the laws of the State of: Delaware.
 - b) Date of incorporation: 11/16/1998
 - c) The ID Number/Registration Number assigned to your Corporation or Limited Partnership by the State named above: Delaware. Data Universal Numbering System (DUN & BRADSTREET) Number: 09-225-5939.
 - d) Office which will be responsible for providing the City of San Diego the specified services:

Address: 300 Rancheros Drive, Suite 250

San Marcos, CA 92069

Contact Person/Telephone Number: Brian Jewett-951-575-5249 Fax Number: 913-458-3817

Email: jewettb@bv.com

5. Name, title, and signature of individual duly authorized as representative to execute contracts:

Name: Thomas R. Peterson

Title: Vice President

Signature: *Thomas R. Peterson*

6. The undersigned understands that the City of San Diego reserves the right to reject any and all solicitation and to waive informalities and irregularities if there's a mistake in the offer.
7. The undersigned further understands that the contents within this solicitation will become a part of the contract when awarded to the above named Propose Firm.
8. My signature below certifies that the proposal as submitted complies with all terms and conditions as set forth within the Request for Proposal.

RFP No. 10020688-12-C

9. My signature also certifies that the accompanying solicitation is not the result of, or affected by, any unlawful act of collusion with another person or company engaged in the same line of business, or any act of fraud. Furthermore, I understand that fraud and unlawful collusion are crimes under Federal Law, and can result in fines and/or civil damage awards.

I, hereby certify that I am a duly authorized representative of the forenamed Firm and have the authority to enter an agreement if so awarded by the City of San Diego:

Authorized Representative Signature: Thomas R. Peterson

Printed Name: Thomas R. Peterson

Position: Vice President

Dated this 7 day of November, 2011.

Attachment 2

City of San Diego Purchasing & Contracting Department
CONTRACTOR STANDARDS
Pledge of Compliance

Effective December 24, 2008, the Council of the City of San Diego adopted Ordinance No. O-19808 to extend the Contractor Standards Ordinance to all contracts greater than \$50,000. The intent of the Contractor Standards clause of San Diego Municipal Code §22.3224 is to ensure the City of San Diego conducts business with firms that have the necessary quality, fitness and capacity to perform the work set forth in the contract.

To assist the Purchasing Agent in making this determination and to fulfill the requirements of §22.3224(d), each bidder/proposer must complete and submit this *Pledge of Compliance* with the bid/proposal. If a non-competitive process is used to procure the contract, the proposed contractor must submit this completed *Pledge of Compliance* prior to execution of the contract. A submitted *Pledge of Compliance* is a public record and information contained within will be available for public review for at least ten (10) calendar days, except to the extent that such information is exempt from disclosure pursuant to applicable law.

All responses must be typewritten or printed in ink. If an explanation is requested or additional space is required, respondents must use the *Pledge of Compliance Attachment "A"* and sign each page. The signatory guarantees the truth and accuracy of all responses and statements. Failure to submit this completed *Pledge of Compliance* may make the bid/proposal non-responsive and disqualified from the bidding process. If a change occurs which would modify any response, Contractor must provide the Purchasing Agent an updated response within thirty (30) calendar days.

A. PROJECT TITLE:

Cost of Service Study for Public Utilities (RFP NO: 10020688-12-C)

B. BIDDER/CONTRACTOR INFORMATION:

| | | | |
|------------------------------------|--------------|----------------------------|-------|
| Black & Veatch Corporation | | Black & Veatch Corporation | |
| Legal Name | | DBA | |
| 300 Rancheros Drive, Suite 250 | San Marcos, | CA | 92069 |
| Street Address | City | State | Zip |
| Brian Jewett, Principal Consultant | 951.575.5249 | 913.458.3817 | |
| Contact Person, Title | Phone | Fax | |

C. OWNERSHIP AND NAME CHANGES:

- In the past five (5) years, has your firm changed its name?
 ? Yes ? No

If **Yes**, use *Pledge of Compliance Attachment "A"* to list all prior legal and DBA names, addresses and dates when used. Explain the specific reasons for each name change.

- In the past five (5) years, has a firm owner, partner or officer operated a similar business?
 ? Yes ? No

If **Yes**, use *Pledge of Compliance Attachment "A"* to list names and addresses of all businesses and the person who operated the business. Include information about a similar business only if an owner, partner or officer of your firm holds or has held a similar position in another firm.

D. BUSINESS ORGANIZATION/STRUCTURE: Indicate the organizational structure of your firm. Check one only on this page. Use *Pledge of Compliance Attachment "A"* if more space is required.

Corporation Date incorporated: 11 / 16 / 1998 State of incorporation: Delaware

List corporation's current officers: President: See Attached
Vice Pres: _____
Secretary: _____
Treasurer: _____

Is your firm a publicly traded corporation? Yes No

If **Yes**, name those who own five percent (5%) or more of the corporation's stocks:

Limited Liability Company Date formed: ___/___/___ State of formation: _____

List names of members who own five percent (5%) or more of the company:

Partnership Date formed: ___/___/___ State of formation: _____

List names of all firm partners:

Sole Proprietorship Date started: ___/___/___

List all firms you have been an owner, partner or officer with during the past five (5) years. Do not include ownership of stock in a publicly traded company:

Joint Venture Date formed: ___/___/___

List each firm in the joint venture and its percentage of ownership:

Note: Each member of a Joint Venture must complete a separate *Contractor Standards Pledge of Compliance* for a Joint Venture's submission to be considered responsive.

Black & Veatch Corporation

DIRECTORS:

T.W. Triplett

OFFICERS:

| | |
|------------------------|--------------------------|
| D.L. Abrams | Vice President |
| J.A. Achenbach | Vice President |
| J.R. Aillet | Associate Vice President |
| B.A. Ainsworth | Executive Vice President |
| B.M. Allender | Associate Vice President |
| M.T. Amick | Vice President |
| D.D. Anderson | Associate Vice President |
| J.C. Anderson | Vice President |
| T.R. Andry | Associate Vice President |
| T.R. Apple | Associate Vice President |
| C.E. Araoz | Associate Vice President |
| D.G. Argo | Senior Vice President |
| S.A. Armbruster | Associate Vice President |
| J.N. Austin | Associate Vice President |
| E.A. Baldwin | Vice President |
| M.I. Barcroft | Associate Vice President |
| I.D. Barrett | Associate Vice President |
| H.O. Bennett | Vice President |
| M.E. Bennett | Associate Vice President |
| L.W. Bishop | Associate Vice President |
| S.A. Blauwiekel | Vice President |
| T.M. Bloomer | Associate Vice President |
| P.M. Boersma | Associate Vice President |
| D.M. Bond, Jr. | Associate Vice President |
| C. Boyle | Vice President |
| R.C. Boynton | Vice President |
| S.H. Bozeman | Associate Vice President |
| R.T. Bozeman | Associate Vice President |
| J.R. Brake | Associate Vice President |
| M.L. Brase | Vice President |
| D.J. Brill | Associate Vice President |
| B.K. Britton | Associate Vice President |
| R. Brnilovich | Associate Vice President |
| H.H. Brouwer De Koning | Vice President |
| D.R.C. Brown | Associate Vice President |
| D.F. Buhrmaster | Associate Vice President |
| B.B. Burger | Vice President |
| D.C. Butcher | Associate Vice President |
| A.C. Byers | Associate Vice President |
| A.R. Cabrera | Associate Vice President |
| L.A. Cabreriza | Vice President |
| D.B. Campbell | Associate Vice President |
| S.D. Canney | Senior Vice President |
| D.J. Carlson | Vice President |
| R.G. Chapman | Vice President |
| M.C. Charlton | Vice President |
| H.W. Cheong | Senior Vice President |
| J.D. Cherry | Vice President |
| T.E. Christensen | Associate Vice President |

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|-------------------|--|
| J.H. Clark | Senior Vice President |
| A. Close | Vice President |
| G.D. Clum | Vice President |
| J.D. Coggins | Associate Vice President |
| W.C. Cole | Vice President |
| A.E. Collins | Senior Vice President |
| C.C. Connell | Vice President |
| H.B. Coppage | Vice President |
| J.M. Coyle | Vice President |
| W.A. Crabb, Jr. | Associate Vice President |
| R.N. Crowdis | Vice President |
| K.L. Currence | Vice President |
| J.D.M. Currie | Associate Vice President |
| R.J. Dagwell | Vice President |
| K.L. Daniel | President & Chief Financial Officer |
| W.R. Davis, III | Associate Vice President |
| J.C. Davisson | Associate Vice President |
| C. DeBarbadillo | Associate Vice President |
| D.A. DeMaio | Associate Vice President |
| S.J. Dicks | Associate Vice President |
| J.W. Doane | Vice President |
| J.D. Doull | Vice President |
| L.F. Drbal | Associate Vice President |
| W.T. Dudley | Associate Vice President |
| S.L. Duxbury | Vice President |
| R.J. Dyro | Vice President |
| R.T. Eberts, III | Senior Vice President & Managing Director - Asia |
| S.L. Edwards | Executive Vice President |
| D.F. Egger | Senior Vice President |
| F.J. Ellermeier | Associate Vice President |
| K.B. Erington | Senior Vice President |
| R.A. Feingold | Vice President |
| J.W. Felski | Associate Vice President |
| H.D. Fiddick | Associate Vice President |
| O.E. Finnigan | Vice President |
| S.N. Foellmi | Vice President |
| M.A. Fournier | Vice President |
| F.H. Freeland | Associate Vice President |
| R.J. Frendt | Associate Vice President |
| M.E. Gammill | Vice President |
| A.C. Gardner | Vice President |
| L.A. Gast | Vice President |
| E.K. Gaston | Associate Vice President |
| S. Gaufin | President & Chief Human Resources Officer |
| M.A. Gaumnitz | Vice President |
| R. Germinder, Jr. | Vice President |
| J.E. Gettinger | Associate Vice President |
| S.M. Gibbs | Associate Vice President |
| L.F. Gil | Associate Vice President |
| D.H. Ginn, Jr. | Associate Vice President |
| M.K. Goff | Associate Vice President |
| D.R. Griffin | Associate Vice President |
| G.P. Gruber | Vice President |
| J.M. Gustke | Senior Vice President |
| J.R. Hansen | Associate Vice President |
| R.R. Harbron | Associate Vice President |

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| T.E.J. Harding | Associate Vice President |
| J.R. Hardt | Associate Vice President |
| M.E. Harmon | Associate Vice President |
| A.F. Harris | Vice President |
| D.K. Harris | Vice President |
| G.W. Hart | Vice President |
| J.M. Hawkins | Associate Vice President |
| B.F. Hays | Associate Vice President |
| B.E. Hemken | Vice President |
| R.E. Henderson | Vice President |
| J.A. Hengel | Vice President |
| J.W. Henson | Associate Vice President |
| J.C. Hesby | Vice President |
| S.L. Heyborne | Associate Vice President |
| C.G. Hill | Senior Vice President |
| K.T. Hinkle | Associate Vice President |
| A.L. Hoffman | Vice President |
| D.L. Holt | Associate Vice President |
| R.R. Huggins | Associate Vice President |
| J.R. Hughes | Associate Vice President |
| R.A. Hulsey | Associate Vice President |
| D.B. Hunt | Senior Vice President |
| C.L. Hutchison | Vice President |
| J.J. Janchar | Executive Vice President |
| J.E. Johnson | Associate Vice President |
| M.W. Johnson | Associate Vice President |
| J.D. Johnson | Vice President |
| M.S. Johnson | Associate Vice President |
| T.L. Johnson | Senior Vice President |
| J.H. Johnson | Associate Vice President |
| W.R. Jones, Jr. | Senior Vice President |
| T.A. Jordan | Vice President |
| M.N. Kamath | Associate Vice President |
| A.A. Kamp | Vice President |
| V.I. Kantor | Associate Vice President |
| J.R. Kaufman | Associate Vice President |
| P.H. Kaushik | Associate Vice President |
| W. Kemp | Associate Vice President |
| P.P. Kenel | Associate Vice President |
| D.E. Kerns | Executive Vice President |
| K.A. Kerschen | Associate Vice President |
| J.R. Kersten | Vice President |
| R.F. King | Vice President |
| S.R. King | Associate Vice President |
| I. Kirkaldy | Vice President |
| C.L. Kling | Vice President |
| P.R. Kneitz | Associate Vice President |
| D.J. Knotts | Vice President |
| D.J. Koehler | Associate Vice President |
| R.J. Kriesel | Associate Vice President |
| L.J. Kriesky | Associate Vice President |
| K.C. Kruzal | Associate Vice President |
| R.S. Kulash | Associate Vice President |
| H.L. Kupfer | Senior Vice President |
| J.E. Kurtz | Associate Vice President |
| S.D. Labonde | Associate Vice President |

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|-----------------|---|
| K.A. Lackey | Associate Vice President |
| L.K. Lampe | Vice President |
| D.A. Lampitt | Senior Vice President |
| L.C. Lapham | Vice President |
| T.R. Larson | Associate Vice President |
| N.F. Lau | Associate Vice President |
| L.W. Lee | Associate Vice President |
| D.M. Lefebvre | Associate Vice President |
| D.A. Leligdon | Associate Vice President |
| R.P. Lenertz | Vice President |
| M.A.W. Lewis | Associate Vice President |
| J.R. Lewis | Executive Vice President |
| D.S. Lindberg | Vice President |
| P. Lloyd-Henry | Vice President |
| P.D. Loftspring | Senior Vice President & Asst. Secretary |
| B.W. Long | Vice President |
| W.C. Luelf | Associate Vice President |
| J.R. Lusby | Senior Vice President |
| D.R. Mahaffay | Senior Vice President |
| J.A. Mahendran | Associate Vice President |
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| M.W. Marek | Vice President |
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| P. Martin | Vice President |
| C.G. Mather | Associate Vice President |
| D.W. McCarthy | President & CEO - B&V Water |
| M.A. McDermott | Associate Vice President |
| J.G. McKelvey | Associate Vice President |
| D.F. McMenemie | Associate Vice President |
| J.L. Meegan | Senior Vice President |
| D.C. Mendelsohn | Senior Vice President |
| D.W. Meyer | Vice President |
| A.L. Mickells | Vice President |
| S. Miller | Vice President |
| P.M. Miller | Vice President |
| S.J. Mitts | Associate Vice President |
| K. Morgan | Vice President |
| J.P. Morley | Associate Vice President |
| J.S. Morrow | Associate Vice President |
| G.D. Morrow | Senior Vice President |
| R.A. Mortko | Vice President |
| B.C. Moxham | Vice President |
| C.G. Mueller | Associate Vice President |
| D.L. Mundy | Senior Vice President |
| J.E. Murphy | Vice President |
| J.B. Nagle | Associate Vice President |
| M.R. Nott | Vice President |
| T.M. O'Brien | Associate Vice President |
| J.E. O'Connor | Vice President |
| F. Oksuz | Associate Vice President |
| E.J. Oldenhuis | Vice President & Director, Proposal Mgmt/Energy |
| M.G. Orth | Vice President |
| O.H. Oskvig | President & CEO B&V Energy |
| F.F. Pacinelli | Associate Vice President |
| G.D. Parks | Associate Vice President |
| A.P. Pattani | Associate Vice President |

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|------------------|--|
| T.R. Peterson | Vice President |
| C.F. Petz | Associate Vice President |
| S.D. Phillips | Vice President |
| J.T. Phillips | Associate Vice President |
| K.M. Pierides | Associate Vice President |
| S.E. Pieschl | Vice President |
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| J.K. Phubell | Senior Vice President |
| M. Podrebarac | Associate Vice President |
| K.D. Pollins | Senior Vice President |
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| A. Powell | Associate Vice President |
| M.A. Prænni | Vice President |
| J.R. Pressdee | Associate Vice President |
| B.C. Price | Vice President |
| S.S. Qadri | Vice President |
| I.S. Rackley | Associate Vice President |
| M.J.S. Ramsay | Associate Vice President |
| T.J. Ratzki | Vice President |
| J.S. Rector | Associate Vice President |
| D.E. Reed | Vice President |
| D.V. Reel | Vice President |
| T.P. Recorda | Senior Vice President |
| B.M. Reuss | Vice President |
| L.P. Rinok | Vice President |
| D.W. Roberts | Associate Vice President |
| G.W. Robertson | Associate Vice President |
| M. Robinson | Vice President |
| C.O. Robinson | Associate Vice President |
| L.C. Rodman | President & CEO |
| R.D. Romack | Associate Vice President |
| J.A. Rose | Vice President |
| S.E. Rus | Senior Vice President |
| D.R. Schapker | Vice President |
| D.L. Schmidt | Vice President |
| B.E. Schmidt | Associate Vice President |
| J.D. Schneider | Vice President |
| J.H. Schnieders | Vice President |
| J.A. Schonwetter | Vice President |
| M.E. Schrimp | Vice President |
| B.C. Schubert | Vice President |
| C.W.T. Scott | Vice President |
| L.J. Seibolt | Senior Vice President |
| S.K. Shaw | Associate Vice President |
| G.F. Shimp | Associate Vice President |
| J.R. Sigman | Associate Vice President |
| J.A. Silver | Vice President |
| H.E. Smith | President - Construction & Procurement |
| C.W. Smith | Associate Vice President |
| S.R. Smith | Vice President |
| A.L. Sneath | Associate Vice President |
| R.L. Spears | Associate Vice President |
| G.S. Stallard | Vice President |
| J.J. Stamm | Vice President-Tax Counsel |
| M.S. Stark | Associate Vice President |

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|-------------------|---|
| M.T. Steichen | Associate Vice President |
| D.R. Stevens | Senior Vice President |
| S.A. Stolze | Associate Vice President |
| W.S. Stoner | Vice President |
| J. Strayer | Associate Vice President |
| P.A. Street | Associate Vice President |
| J.P. Sundberg | Associate Vice President |
| M. Tahiliani | Vice President |
| J.H. Talib | Vice President |
| G.R. Talmage | Vice President |
| S.C. Tan | Vice President |
| J.M. Tattersall | Vice President |
| A. Toro | Associate Vice President |
| G.W. Townsend | Vice President |
| M.G. Travers | President - Telecommunications |
| T.W. Triplett | Executive Vice President & Secretary |
| R.I. Unruh | Senior Vice President |
| D.E. Upchurch | Associate Vice President |
| W.R. Van Dyke | President - Federal Services |
| B.G. Van Heest | Vice President |
| A. Varma | Vice President |
| P.B. Vaughan | Senior Vice President & Chief Information Officer |
| J.G. Voeller, III | Senior Vice President |
| D.J. Voss | Associate Vice President |
| T.G. Wahl | Associate Vice President |
| R.A. Waite | Associate Vice President |
| D.M. Walker | Associate Vice President |
| J.W. Waller | Vice President |
| C.L. Wallis-Lage | Vice President |
| E.J. Walsh | Executive Vice President |
| M.D. Webber | Vice President |
| P.W. Weida | Vice President |
| W.J. Wells | Associate Vice President |
| J.E. Welp | Vice President |
| K.J. Westermann | Senior Vice President |
| K.L. Williams | Sr. Vice President & Treasurer |
| D.E. Williams | Vice President |
| J.A. Wilson | Executive Vice President |
| F.A. Winterlind | Vice President |
| H.G. Withey | President & Chief Administrative Officer |
| S.E. Wood | Senior Vice President |
| K.P. Woodward | Senior Vice President |
| D.L. Woody | Associate Vice President |
| E.D. Wright | Sr. Vice President |
| E.K. Wrighton | Associate Vice President |
| L.D. Yoest | Associate Vice President |
| K.L. Zernickow | Vice President |
| L.W. Zimmerman | Vice President |

COMPANY TYPE: General Business Corporation

FEIN: 43-1833073

REGISTRATION NUMBER: NA

DATE OF INCORPORATION: 11/16/1998

PLACE OF INCORPORATION: Delaware

PRINCIPAL ADDRESS: 8400 Ward Parkway
Kansas City, MO 64114

REGISTERED AGENT IN The Corporation Trust Company
STATE OF INCORPORATION: 1209 Orange St.
Wilmington, DE 19801

FORMER NAMES:

SHAREHOLDERS: Black & Veatch Holding Company

SHARES AUTHORIZED: 3,000 common stock \$1.00 par value

SHARES ISSUED:

PURPOSE:

1. To engage in any and all lawful acts or activities for which corporations may be organized under the Delaware General Corporation Law.
2. Engineering, procurement, and construction consulting and management in the power plant industry, waste water facilities, and telecommunications systems.

E. FINANCIAL RESOURCES AND RESPONSIBILITY:

1. Is your firm in preparation for, in the process of, or in negotiations toward being sold?
 Yes No

If **Yes**, use *Pledge of Compliance Attachment "A"* to explain specific circumstances, including name of the buyer and principal contact information.

2. In the past five (5) years, has your firm been denied bonding?
 Yes No

If **Yes**, use *Pledge of Compliance Attachment "A"* to explain specific circumstances; include bonding company name.

3. In the past five (5) years, has a bonding company made any payments to satisfy claims made against a bond issued on your firm's behalf or a firm where you were the principal?
 Yes No

If **Yes**, use *Pledge of Compliance Attachment "A"* to explain specific circumstances.

F. PERFORMANCE HISTORY:

1. In the past five (5) years, has your firm been found civilly liable, either in a court of law or pursuant to the terms of a settlement agreement, for defaulting or breaching a contract with a government agency?
 Yes No

If **Yes**, use *Pledge of Compliance Attachment "A"* to explain specific circumstances.

2. In the past five (5) years, has a government agency terminated your firm's contract prior to completion?
 Yes No

If **Yes**, use *Pledge of Compliance Attachment "A"* to explain specific circumstances and provide principal contact information.

G. COMPLIANCE:

1. In the past five (5) years, has your firm or any firm owner, partner, officer, executives or management been criminally penalized or found civilly liable, either in a court of law or pursuant to the terms of a settlement agreement for violating any federal, state or local law in performance of a contract, including but not limited to laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees?
 Yes No

If **Yes**, use *Pledge of Compliance Attachment "A"* to explain specific circumstances surrounding each instance; include name of entity involved, specific infraction(s) or violation(s), dates of instances, and outcome with current status.

2. In the past five (5) years, has your firm been debarred or determined to be non-responsible by a government agency?
 Yes No

If **Yes**, use *Pledge of Compliance Attachment "A"* to explain specific circumstances of each instance; include name of entity involved, specific infraction, dates, and outcome.

H. BUSINESS INTEGRITY:

1. In the past five (5) years, has your firm been convicted of or found liable in a civil suit for making a false claim or material misrepresentation to a private or governmental entity?
 Yes No

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances of each instance; include the entity involved, specific infraction(s) or violation(s), dates, outcome and current status.

2. In the past five (5) years, has your firm or any of its executives, management personnel, or owners been convicted of a crime, including misdemeanors, or been found liable in a civil suit involving the bidding, awarding, or performance of a government contract?
 Yes No

If Yes, use *Pledge of Compliance Attachment "A"* to explain specific circumstances of each instance; include the entity involved, specific infraction(s), dates, outcome and current status.

I. TYPE OF SUBMISSION: This document is submitted as:

- Initial submission of *Contractor Standards Pledge of Compliance*.
 Update of prior *Contractor Standards Pledge of Compliance* dated 5 / 31 / 2011.

Complete all questions and sign below. Each *Pledge of Compliance Attachment "A"* page must be signed.

Under penalty of perjury under the laws of the State of California, I certify I have read and understand the questions contained in this *Pledge of Compliance* and that I am responsible for completeness and accuracy of responses and all information provided is true to the best of my knowledge and belief. I further certify my agreement to the following provisions of San Diego Municipal Code §22.3224:

- (a) To comply with all applicable local, State and Federal laws, including health and safety, labor and employment, and licensing laws that affect the employees, worksite or performance of the contract.
- (b) To notify the Purchasing Agent within fifteen (15) calendar days upon receiving notification that a government agency has begun an investigation of the Contractor that may result in a finding that the Contractor is or was not in compliance with laws stated in paragraph (a).
- (c) To notify the Purchasing Agent within fifteen (15) calendar days when there has been a finding by a government agency or court of competent jurisdiction of a violation by the Contractor of laws stated in paragraph (a).
- (d) To provide the Purchasing Agent updated responses to the *Contractor Standards Pledge of Compliance* within thirty (30) calendar days if a change occurs which would modify any response.
- (e) To notify the Purchasing Agent within fifteen (15) days of becoming aware of an investigation or finding by a government agency or court of competent jurisdiction of a violation by a subcontractor of laws stated in paragraph (a).
- (f) To cooperate fully with the Purchasing Agent and the City during any investigation and to respond to a request for information within ten (10) working days from the request date.

Failure to sign and submit this form with the bid/proposal shall make the bid/proposal non-responsive.

Thomas R. Peterson, Vice President Thomas R. Peterson 11-7-11
Print Name, Title Signature Date

City of San Diego Purchasing & Contracting Department
CONTRACTOR STANDARDS
Pledge of Compliance Attachment "A"

Provide additional information in space below. Use additional *Pledge of Compliance Attachment "A"* pages as needed; sign each page. Print in ink or type responses and indicate question being answered. Information provided will be available for public review, except if exempt from disclosure pursuant to applicable law.

Not Applicable

Under penalty of perjury under the laws of the State of California, I certify I have read and understand the questions contained in this *Contractor Standards Pledge of Compliance* and that I am responsible for completeness and accuracy of responses on this *Pledge of Compliance Attachment "A"* page and all information provided is true to the best of my knowledge.

Thomas R. Peterson, Vice President
Print Name, Title

Thomas R. Peterson
Signature

11-7-11
Date

ATTACHMENT 3

EQUAL OPPORTUNITY CONTRACTING PROGRAM (EOCP)

PROPOSER REQUIREMENTS – GOODS AND SERVICES

- I. **City's Equal Opportunity Commitment.** The City of San Diego (City) is strongly committed to equal opportunity for employees and Sub-Contractors of professional service Proposers doing business with the City. The City encourages its Proposers to share this commitment. Prime Proposers are encouraged to take positive steps to diversify and expand their Sub-Contractors solicitation base and to offer consulting opportunities to all eligible Sub-Contractors.
- II. **Nondiscrimination in Contracting Ordinance.** All Proposers and professional service providers doing business with the City, and their Sub-Contractors, must comply with requirements of the City's *Nondiscrimination in Contracting Ordinance*, San Diego Municipal Code Sections 22.3501 through 22.3517.
- A. Proposal Documents to include Disclosure of Discrimination Complaints. As part of its bid or proposal, Proposer shall provide to the City a list of all instances within the past ten (10) years where a complaint was filed or pending against Proposer in a legal or administrative proceeding alleging that Proposer discriminated against its employees, sub-contractors, vendors, or suppliers, and a description of the status or resolution of that complaint, including any remedial action taken.
- B. B. Contract Language. The following language shall be included in contracts for City projects between the Proposer and any sub-contractors, vendors, and suppliers:
- Proposer shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of Sub-Contractors, vendors, or suppliers. Proposer shall provide equal opportunity for Sub-Contractors to participate in opportunities. Proposer understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in contract termination, debarment, or other sanctions.
- C. Compliance Investigations. Upon the City's request, Proposer agrees to provide to the City, within sixty (60) calendar days, a truthful and complete list of the names of all Sub-Contractors, vendors, and suppliers that Proposer has used in the past five (5) years on any of its contracts that were undertaken within County of San Diego, including the total dollar amount paid by Proposer for each subcontract or supply contract. Proposer further agrees to fully cooperate in any investigation conducted by the City pursuant to the City's *Nondiscrimination in Contracting Ordinance*, Municipal Code Sections 22.3501 through 22.3517. Proposer understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in remedies being ordered against the Proposer up to and including

contract termination, debarment and other sanctions for violation of the provisions of the *Nondiscrimination in Contracting Ordinance*. Proposer further understands and agrees that the procedures, remedies and sanctions provided for in the *Nondiscrimination in Contracting Ordinance* apply only to violations of the *Ordinance*.

III. Equal Employment Opportunity. Proposers shall comply with requirements of San Diego Ordinance No. 18173, Section 22.2701 through 22.2707, Equal Employment Opportunity Outreach Program. Proposers shall submit with their proposal a *Work Force Report* for approval by the Program Manager of the City of San Diego Equal Opportunity Contracting Program (EOCP).

- A. Work Force Report. If based on a review of the *Work Force Report* (Attachment AA) submitted an EOCP staff Work Force Analysis determines there are under representation when compared to County Labor Force Availability data, then the Proposer will also be required to submit an *Equal Employment Opportunity (EEO) Plan* to the Program Manager of the City of San Diego Equal Opportunity Contracting Program (EOCP) for approval
- B. Equal Employment Opportunity Plan. If an *Equal Employment Opportunity Plan* is required, it must include at least the following assurances that:
1. The Proposer will maintain a working environment free of discrimination, harassment, intimidation and coercion at all sites and in all facilities at which the Proposer's employees are assigned to work;
 2. A responsible official is designated to monitor all employment related activity to ensure the Proposer's EEO Policy is being carried out and to submit reports relating to EEO provisions;
 3. Proposer disseminates and reviews its EEO Policy with all employees at least once a year, posts the policy statement and EEO posters on all company bulletin boards and job sites, and documents every dissemination review and posting with a written record to identify the time, place, employees present, subject matter, and disposition of meetings;
 4. The Proposer reviews, at least annually, all supervisor's adherence to and performance under the EEO Policy and maintains written documentation of these reviews;
 5. The Proposer discusses its EEO Policy Statement with Sub-Contractors with whom it anticipates doing business, includes the EEO Policy Statement in its subcontracts, and provides such documentation to the City upon request;
 6. The Proposer documents and maintains a record of all bid solicitations and outreach efforts to and from Sub-Contractors, Proposer associations and other business associations;

7. The Proposer disseminates its EEO Policy externally through various media, including the media of people of color and women, in advertisements to recruit, maintains files documenting these efforts, and provides copies of these advertisements to the City upon request;
8. The Proposer disseminates its EEO Policy to union and community organizations;
9. The Proposer provides immediate written notification to the City when any union referral process has impeded the Proposer's efforts to maintain its EEO Policy;
10. The Proposer maintains a current list of recruitment sources, including those outreaching to people of color and women, and provides written notification of employment opportunities to these recruitment sources with a record of the organizations' responses;
11. The Proposer maintains a current file of names, addresses and phone numbers of each walk-in applicant, including people of color and women; and referrals from unions, recruitment sources, or community organizations with a description of the employment action taken;
12. The Proposer encourages all present employees, including people of color and women employees, to recruit others;
13. The Proposer maintains all employment selection process information with records of all tests and other selection criteria;
14. The Proposer develops and maintains documentation for on-the-job training opportunities and/or participates in training programs for all of its employees, including people of color and women, and establishes apprenticeship, trainee, and upgrade programs relevant to the Proposer's employment needs;
15. The Proposer conducts, at least annually, an inventory and evaluation of all employees for promotional opportunities and encourages all employees to seek and prepare appropriately for such opportunities;
16. The Proposer ensures the company's working environment and activities are non-segregated except for providing separate or single-user toilets and necessary changing facilities to assure privacy between the sexes;
17. The Proposer establishes and documents policies and procedures to ensure job classifications, work assignments, promotional tests, recruitment and other personnel practices do not have a discriminatory effect; and

18. The Proposer is encouraged to participate in voluntary associations, which assist in fulfilling one or more of its non-discrimination obligations. The efforts of a Proposer association, Proposer/community professional association, foundation or other similar group of which the Proposer is a member will be considered as being part of fulfilling these obligations, provided the Proposer actively participates.

IV. Equal Opportunity Contracting. Prime Proposers are encouraged to take positive steps to diversify and expand their Sub-Contractors solicitation base and to offer contracting opportunities to all eligible Sub-Contractors. To support its Equal Opportunity Contracting commitment, the City has established a voluntary *Small Emerging Local Business Program participation level*.

A. Small Emerging Local Business Program Participation Level

Prime vendors/Contractors/consultants are encouraged to take positive steps to diversify and expand their Small Local Business Enterprises (SLBE)/ Emerging Local Business Enterprises (ELBE) solicitation base and to offer contracting opportunities to all eligible small emerging local businesses. To support its Equal Opportunity Contracting commitment, the City has established participation level(s) as defined in the following website, <http://www.sandiego.gov/eoc/boc/slbe.shtml>.

1. All professional services contracts valued over \$50,000 or more have a voluntary SLBE/ELBE goal of 20%. Details can be found in the website above.
2. For all goods and services contracts valued over \$50,000, the City shall apply a 2% bid discount for either: 1) SLBE/ELBE prime Contractors or 2) Prime Contractors meeting the 20% voluntary SLBE/ELBE goal. The discount will not apply if the award to the discounted bidder would result in a total contract cost of \$10,000 in excess of the low, non-discounted bidder. Details can be found in the website above.

B. Contract Activity Reports. To permit monitoring of the winning Proposer's commitment to achieving compliance, *Contract Activity Reports* (Attachment BB) reflecting work performed by Sub-Contractors/Sub-Consultants/Vendors shall be submitted quarterly for any work covered under an executed contract.

V. Demonstrated Commitment to Equal Opportunity. The City seeks to foster a business climate of inclusion and to eliminate barriers to inclusion.

A. Proposers are required to submit the following information with their proposals:

1. Outreach Efforts. Description of Proposer's outreach efforts undertaken on this project to make subcontracting opportunities available to all interested and qualified firms including SLBE/ELBE/DBE/MBE/WBE/DVBE/OBE.

2. **Past Participation Levels.** Listing of Proposer's Sub-Contractors participation levels achieved on all private and public projects within the past three (3) years. Include name of project, type of project, value of project, Sub-Contractors firm's name, percentage of Sub-Contractors firm's participation, and identification of Sub-Contractors firm's ownership as a certified Small or Emerging Local Business Enterprise, Woman Business Enterprise, Disadvantaged Business Enterprise, Disabled Veteran Business Enterprise, or Other Business Enterprise.
 3. **Equal Opportunity Employment.** Listing of Proposer's strategies to recruit, hire, train and promote a diverse workforce. These efforts will be considered in conjunction with Proposer's *Workforce Report* as compared to the County's Labor Force Availability.
 4. **Community Activities.** Listing of Proposer's current community activities such as membership and participation in local organizations, associations, scholarship programs, mentoring, apprenticeships, internships, community projects, charitable contributions and similar endeavors.
- B. In accordance with the City's Equal Opportunity Commitment, EOCP will evaluate the **Proposer's** demonstrated commitment to equal opportunity including the following factors:
1. **Outreach Efforts.** Proposer's outreach efforts undertaken and willingness to make meaningful subcontracting opportunities available to all interested and qualified firms on this project including SLBE/ELBE/DBE/MBE/WBE/DVBE/OBE.
 2. **Past Participation Levels.** Proposer's Sub-Contractors participation levels achieved on all private and public projects within the past three (3) years.
 3. **Equal Opportunity Employment.** Proposer's use of productive strategies to successfully attain a diverse workforce as compared to the County's Labor Force Availability.
 4. **Community Activities.** Proposer's current community activities.

VI. List of Sub-Contractors/Sub-Consultants. Proposers are required to submit a *Sub-Contractors List* with their proposal.

- A. **Sub-Contractors List.** The *Sub-Contractors List* (Attachment CC) shall indicate the Name and Address, Scope of Work, Percent of Total Proposed Contract Amount, Dollar Amount of Proposed Subcontract, Certification Status and Where Certified for each proposed Sub-Contractors/Sub-Consultant.
1. Sub-Contractors, Sub-Consultants and Vendors must be named on the *Sub-Contractors List* if they receive more than one-half of one percent (0.5%) of the Prime Proposer's fee.

B. Commitment Letters. Proposer shall also submit Sub-Contractors *Commitment Letters* on Sub-Contractor's letterhead, no more than one page each, from all proposed Sub-Contractors to acknowledge their commitment to the team, scope of work, and percent of participation in the project.

VII. Definitions. Certified "**Minority Business Enterprise**" (MBE) means a business which is at least fifty-one percent (51%) owned by African Americans, American Indians, Asians, Filipinos, and/or Latinos and whose management and daily operation is controlled by one or more members of the identified ethnic groups. In the case of a publicly-owned business, at least fifty-one percent (51%) of the stock must be owned by, and the business operated by, one or more members of the identified ethnic groups.

Certified "**Women Business Enterprise**" (WBE) means a business which is at least fifty-one percent (51%) owned by one or more women and whose management and daily operation is controlled by the qualifying party(s). In the case of a publicly-owned business, at least fifty-one percent (51%) of the stock must be owned by, and the business operated by, one or more women.

Certified "**Disadvantaged Business Enterprise**" (DBE) means a business which is at least fifty-one percent (51%) owned and operated by one or more socially and economically disadvantaged individuals and whose management and daily operation is controlled by the qualifying party(s). In the case of a publicly-owned business, at least fifty-one percent (51%) of the stock must be owned by, and the business operated by, socially and economically disadvantaged individuals.

Certified "**Disabled Veteran Business Enterprise**" (DVBE) means a business which is at least fifty-one percent (51%) owned by one or more veterans with a service related disability and whose management and daily operation is controlled by the qualifying party(s).

"**Other Business Enterprise**" (OBE) means any business which does not otherwise qualify as Minority, Woman, Disadvantaged or Disabled Veteran Business Enterprise.

Emerging Local Business Enterprise (ELBE) – Any for-profit enterprise that is not a broker, that is independently owned and operated; that is not a subsidiary of another business; that meets the definition of a local business; and that is not dominant in its field of operation whose average gross annual receipts in the prior three fiscal years do not exceed:

1. \$2.75 million – Construction
2. \$1.5 million – Specialty Construction
3. \$1.5 million – Goods/Materials/Services
4. 1.0 million – Trucking
5. \$750,000 – Professional Services and Architect/Engineering

If a business has not existed for 3 years, the gross sales limits described above shall be applied based upon the annual averages over the course of the existence of the business.

Local Business Enterprise (LBE) – A firm having a Principal Place of Business and a Significant Employment Presence in San Diego City or County, California that has been in operation for 12 consecutive months and a valid business tax certificate. This definition is subsumed within the definition of Small Local Business Enterprise.

Small Local Business Enterprise (SLBE) – Any for-profit enterprise that is not a broker, that is independently owned and operated; that is not a subsidiary of another business; that meets definition of a local business; and that is not dominant in its field of operation whose average gross annual receipts in the prior three fiscal years do not exceed:

- \$5.0 million – Construction
- \$3.0 million – Specialty Construction
- \$3.0 million – Goods/Materials/Services
- \$2.0 million – Trucking
- \$1.5 million – Professional Services and Architect/Engineering

California State certified Micro and Disabled Veteran Owned business enterprises shall also satisfy the requirements to be defined as a Small Business Enterprise.

If a business has not existed for 3 years, the employment and gross sales limits described above shall be applied based upon the annual averages over the course of the existence of the business.

VIII. Certification.

Below are the EOC – accepted certification agencies along with certifiable groups:

| | |
|--|-----------------|
| City of San Diego: | ELBE, SLBE |
| Caltrans: | DBE, SMBE, SWBE |
| Dept. of General Services: | DVBE |
| CA Public Utilities Commission: | MBE, WBE |
| City of Los Angeles: | DBE, WBE, MBE |
| SD Regional Minority Supplier Diversity Council: | MBE, WBE |

IX. List of Attachments.

- AA. Work Force Report
- BB. Sub-Contractors List
- CC. Contract Activity Report



City of San Diego
EQUAL OPPORTUNITY CONTRACTING (EOC)
1200 Third Avenue • Suite 200 • San Diego, CA 92101
Phone: (619) 236-6000 • Fax: (619) 235-5209

WORK FORCE REPORT

The objective of the Equal Employment Opportunity Outreach Program, San Diego Municipal Code Sections 22.3501 through 22.3517, is to ensure that contractors doing business with the City, or receiving funds from the City, do not engage in unlawful discriminatory employment practices prohibited by State and Federal law.

NO OTHER FORMS WILL BE ACCEPTED

Section 1.01 CONTRACTOR IDENTIFICATION

Type of Contractor: [] Construction [] Vendor/Supplier [] Financial Institution [] Lessee/Lessor
[X] Consultant [] Grant Recipient [] Insurance Company [] Other

Name of Company: Black & Veatch Corporation

ADA/DBA: N/A

Address (Corporate Headquarters, where applicable): 8400 Ward Parkway

City: Kansas City County: Jackson State: Missouri Zip: 64114

Telephone Number: (913) 458-2000 Fax Number: (913) 458-9018

Name of Company CEO: Len C. Rodman

Address(es), phone and fax number(s) of company facilities located in San Diego County (if different from above):

Address: 9820 Willow Creek Road, Suite 310 (See additional location below)

City: San Diego County: San Diego State: California Zip: 92131

Telephone Number: (858) 566-1936 Fax Number: (858) 566-6988

Type of Business: Engineering Services Type of License:

The Company has appointed: J. Craig Anderson, V.P. & Dir., Employee Relations

As its Equal Employment Opportunity Officer (EEOO). The EEOO has been given authority to establish, disseminate and enforce equal employment and affirmative action policies of this company. The EEOO may be contacted at:

Address: 11401 Lamar Ave., Overland Park, Kansas 66211

Telephone Number: (913) 458-2000 Fax Number: (913) 458-9018

- [X] One San Diego County (or Most Local County) Work Force - Mandatory
[] Branch Work Force *
[X] Managing Office Work Force

Check the box above that applies to this WFR.

*Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county.

I, the undersigned representative of Black & Veatch Corporation

(Firm Name)

Jackson, Missouri hereby certify that information provided

herein is true and correct. This document was executed on this eighth day of November, 2011

J. Craig Anderson

(Authorized Signature) (Print Authorized Signature Name)

WORK FORCE REPORT - Page 2

NAME OF FIRM: Black & Veatch Corporation (Managing Office Work Force) DATE: November 8, 2011

OFFICE(S) or BRANCH(ES): Kansas City, Missouri COUNTY: Jackson

1. INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- (1) Black, African-American
- (2) Hispanic, Latino, Mexican-American, Puerto Rican
- (3) Asian, Pacific Islander
- (4) American Indian, Eskimo
- (5) Filipino
- (6) White, Caucasian
- (7) Other ethnicity; not falling into other groups

| ADMINISTRATION OCCUPATIONAL CATEGORY | (1) Black | | (2) Hispanic | | (3) Asian | | (4) American Indian | | (5) Filipino | | (6) White | | (7) Other Ethnicity | |
|---|--------------|-----|-----------------|-----|--------------|-----|---------------------------|-----|-----------------|-----|--------------|-----|---------------------------|-----|
| | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) |
| Management & Financial | 8 | 2 | 14 | 5 | 27 | 4 | 2 | 0 | | | 594 | 102 | 3 | 2 |
| Professional | 22 | 26 | 32 | 19 | 113 | 43 | 2 | 1 | | | 933 | 311 | 4 | 1 |
| A&E, Science, Computer | | | | | | | | | | | | | | |
| Technical | 19 | 3 | 9 | 2 | 3 | 1 | 1 | 0 | | | 299 | 43 | 0 | 0 |
| Sales | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | | | 13 | 1 | 0 | 0 |
| Administrative Support | 0 | 14 | 0 | 8 | 0 | 5 | 0 | 0 | | | 9 | 163 | 0 | 1 |
| Services | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 9 | 0 | 0 | 0 |
| Crafts | | | | | | | | | | | | | | |
| Operative Workers | | | | | | | | | | | | | | |
| Transportation | | | | | | | | | | | | | | |
| Laborers* | | | | | | | | | | | | | | |

*Construction laborers and other field employees are not to be included on this page.

| | | | | | | | | | | | | | | |
|--------------------|----|----|----|----|-----|----|---|---|--|--|------|-----|---|---|
| Totals Each Column | 52 | 45 | 55 | 34 | 144 | 53 | 5 | 1 | | | 1857 | 620 | 7 | 4 |
|--------------------|----|----|----|----|-----|----|---|---|--|--|------|-----|---|---|

| | |
|---------------------------|------|
| Grand Total All Employees | 2877 |
|---------------------------|------|

Indicate by Gender and Ethnicity the Number of Above Employees Who Are Disabled:

| | | | | | | | | | | | | | | |
|----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Disabled | | | | | | | | | | | | | | |
|----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Non-Profit Organizations Only:

| | | | | | | | | | | | | | | |
|--------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Board of Directors | | | | | | | | | | | | | | |
| Volunteers | | | | | | | | | | | | | | |
| Artists | | | | | | | | | | | | | | |

WORK FORCE REPORT - Page 2

NAME OF FIRM: Black & Veatch Corporation

DATE: November 8, 2011

OFFICE(S) or BRANCH(ES): San Marcos, California

COUNTY: San Diego

1. INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- (1) Black, African-American
- (2) Hispanic, Latino, Mexican-American, Puerto Rican
- (3) Asian, Pacific Islander
- (4) American Indian, Eskimo
- (5) Filipino
- (6) White, Caucasian
- (7) Other ethnicity; not falling into other groups

| ADMINISTRATION OCCUPATIONAL CATEGORY | (1) Black | | (2) Hispanic | | (3) Asian | | (4) American Indian | | (5) Filipino | | (6) White | | (7) Other Ethnicity | |
|---|--------------|-----|-----------------|-----|--------------|-----|---------------------------|-----|-----------------|-----|--------------|-----|---------------------------|-----|
| | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) |
| Management & Financial | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 5 | 0 | 0 | 0 |
| Professional | 1 | 0 | 2 | 0 | 1 | 1 | 0 | 0 | | | 1 | 3 | 0 | 0 |
| A&E, Science, Computer | | | | | | | | | | | | | | |
| Technical | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | | | 0 | 0 | 0 | 0 |
| Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 | 0 | 0 |
| Administrative Support | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 | 0 | 0 |
| Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 | 0 | 0 |
| Crafts | | | | | | | | | | | | | | |
| Operative Workers | | | | | | | | | | | | | | |
| Transportation | | | | | | | | | | | | | | |
| Laborers* | | | | | | | | | | | | | | |

*Construction laborers and other field employees are not to be included on this page

| | | | | | | | | | | | | | | |
|--------------------|---|---|---|---|---|---|---|---|--|--|---|---|---|---|
| Totals Each Column | 1 | 0 | 2 | 0 | 2 | 1 | 0 | 0 | | | 6 | 3 | 0 | 0 |
|--------------------|---|---|---|---|---|---|---|---|--|--|---|---|---|---|

Grand Total All Employees 15

Indicate by Gender and Ethnicity the Number of Above Employees Who Are Disabled:

| | | | | | | | | | | | | | | |
|----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Disabled | | | | | | | | | | | | | | |
|----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Non-Profit Organizations Only:

| | | | | | | | | | | | | | | |
|--------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Board of Directors | | | | | | | | | | | | | | |
| Volunteers | | | | | | | | | | | | | | |
| Artists | | | | | | | | | | | | | | |

WORK FORCE REPORT - Page 2

NAME OF FIRM: Black & Veatch Corporation

DATE: November 8, 2011

OFFICE(S) or BRANCH(ES): Los Angeles, California

COUNTY: Los Angeles

1. INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- (1) Black, African-American
- (2) Hispanic, Latino, Mexican-American, Puerto Rican
- (3) Asian, Pacific Islander
- (4) American Indian, Eskimo
- (5) Filipino
- (6) White, Caucasian
- (7) Other ethnicity; not falling into other groups

| ADMINISTRATION OCCUPATIONAL CATEGORY | (1) Black | | (2) Hispanic | | (3) Asian | | (4) American Indian | | (5) Filipino | | (6) White | | (7) Other Ethnicity | |
|---|--------------|-----|-----------------|-----|--------------|-----|---------------------------|-----|-----------------|-----|--------------|-----|---------------------------|-----|
| | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) |
| Management & Financial | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | | | 5 | 1 | 0 | 0 |
| Professional | 1 | 1 | 2 | 0 | 3 | 1 | 0 | 0 | | | 1 | 1 | 0 | 0 |
| A&E, Science, Computer | | | | | | | | | | | | | | |
| Technical | 0 | 0 | 2 | 0 | 2 | 1 | 0 | 0 | | | 0 | 1 | 0 | 0 |
| Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 | 0 | 0 |
| Administrative Support | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | | | 0 | 1 | 0 | 0 |
| Services | | | | | | | | | | | | | | |
| Crafts | | | | | | | | | | | | | | |
| Operative Workers | | | | | | | | | | | | | | |
| Transportation | | | | | | | | | | | | | | |
| Laborers* | | | | | | | | | | | | | | |

*Construction laborers and other field employees are not to be included on this page

| | | | | | | | | | | | | | | |
|--------------------|---|---|---|---|---|---|---|---|--|--|---|---|---|---|
| Totals Each Column | 1 | 2 | 4 | 1 | 6 | 3 | 0 | 0 | | | 6 | 4 | 0 | 0 |
|--------------------|---|---|---|---|---|---|---|---|--|--|---|---|---|---|

Grand Total All Employees 27

Indicate by Gender and Ethnicity the Number of Above Employees Who Are Disabled:

| | | | | | | | | | | | | | | |
|----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Disabled | | | | | | | | | | | | | | |
|----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Non-Profit Organizations Only:

| | | | | | | | | | | | | | | |
|--------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Board of Directors | | | | | | | | | | | | | | |
| Volunteers | | | | | | | | | | | | | | |
| Artists | | | | | | | | | | | | | | |

WORK FORCE REPORT -- Page 3

NAME OF FIRM: _____ DATE: _____

OFFICE(S) or BRANCH(ES): _____ COUNTY: _____

I. INSTRUCTIONS: FOR EACH OCCUPATIONAL CATEGORY, INDICATE NUMBER OF MALES AND FEMALES IN EVERY ETHNIC GROUP. TOTAL COLUMNS IN ROW PROVIDED. SUM OF ALL TOTALS SHOULD BE EQUAL TO YOUR TOTAL WORK FORCE. INCLUDE ALL THOSE EMPLOYED BY YOUR COMPANY ON EITHER A FULL OR PART-TIME BASIS. THE FOLLOWING GROUPS ARE TO BE INCLUDED IN ETHNIC CATEGORIES LISTED IN COLUMNS BELOW:

- (1) Black, African-American
- (2) Hispanic, Latino, Mexican-American, Puerto Rican
- (3) Asian, Pacific Islander
- (4) American Indian, Eskimo
- (5) Filipino
- (6) White, Caucasian
- (7) Other ethnicity; not falling into other groups

| TRADE OCCUPATIONAL CATEGORY | (1) Black | | (2) Hispanic | | (3) Asian | | (4) American Indian | | (5) Filipino | | (6) White | | (7) Other Ethnicity | |
|--|--------------|-----|-----------------|-----|--------------|-----|---------------------------|-----|-----------------|-----|--------------|-----|---------------------------|-----|
| | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) | (M) | (F) |
| Brick, Block or Stone Masons | | | | | | | | | | | | | | |
| Carpenters | | | | | | | | | | | | | | |
| Carpet, Floor & Tile Installers Finishers | | | | | | | | | | | | | | |
| Cement Masons, Concrete Finishers | | | | | | | | | | | | | | |
| Construction Laborers | | | | | | | | | | | | | | |
| Drywall Installers, Ceiling Tile Inst | | | | | | | | | | | | | | |
| Electricians | | | | | | | | | | | | | | |
| Elevator Installers | | | | | | | | | | | | | | |
| First-Line Supervisors/Managers | | | | | | | | | | | | | | |
| Glaziers | | | | | | | | | | | | | | |
| Helpers, Construction Trade | | | | | | | | | | | | | | |
| Millwrights | | | | | | | | | | | | | | |
| Misc. Const. Equipment Operators | | | | | | | | | | | | | | |
| Painters, Const. & Maintenance | | | | | | | | | | | | | | |
| Pipelayers, Plumbers, Pipe & Steam Fitters | | | | | | | | | | | | | | |
| Plasterers & Stucco Masons | | | | | | | | | | | | | | |
| Roofers | | | | | | | | | | | | | | |
| Security Guards & Surveillance Officers | | | | | | | | | | | | | | |
| Sheet Metal Workers | | | | | | | | | | | | | | |
| Structural Metal Fabricators & Fitters | | | | | | | | | | | | | | |
| Welding, Soldering & Brazing Workers | | | | | | | | | | | | | | |
| Workers, Extractive Crafts, Miners | | | | | | | | | | | | | | |
| Totals Each Column | | | | | | | | | | | | | | |
| Grand Total All Employees | [] | | | | | | | | | | | | | |
| Indicate By Gender and Ethnicity the Number of Above Employees Who Are Disabled: | | | | | | | | | | | | | | |
| Disabled | | | | | | | | | | | | | | |



CITY OF SAN DIEGO WORK FORCE REPORT

HISTORY

The Work Force Report (WFR) is the document that allows the City of San Diego to analyze the work forces of all firms wishing to do business with the City. We are able to compare the firm's work force data to County Labor Force Availability (CLFA) data derived from the United States Census. CLFA data is a compilation of lists of occupations and includes the percentage of each ethnicity we track (Black, Hispanic, Asian, American Indian, Filipino) for each occupation. Currently, our CLFA data is taken from the 2000 Census. In order to compare one firm to another, it is important that the data we receive from the consultant firm is accurate and organized in the manner that allows for this fair comparison.

WORK FORCE & BRANCH WORK FORCE REPORTS

When submitting a WFR, especially if the WFR is for a specific project or activity, we would like to have information about the firm's work force that is actually participating in the project or activity. That is, if the project is in San Diego and the work force is from San Diego, we want a San Diego County Work Force Report.¹ By the same token, if the project is in San Diego, but the work force is from another county, such as Orange or Riverside County, we want a Work Force Report from that county.² If participation in a San Diego project is by work forces from San Diego County and, for example, from Los Angeles County and from Sacramento County, we ask for separate Work

Force Reports representing your firm from each of the three counties.

MANAGING OFFICE WORK FORCE

Equal Opportunity Contracting may occasionally ask for a Managing Office Work Force (MOWF) Report. This may occur in an instance where the firm involved is a large national or international firm but the San Diego or other local work force is very small. In this case, we may ask for both a local and a MOWF Report.^{1,3} In another case, when work is done only by the Managing Office, only the MOWF Report may be necessary.³

TYPES OF WORK FORCE REPORTS:

Please note, throughout the preceding text of this page, the superscript numbers one ¹, two ² & three ³. These numbers coincide with the types of work force report required in the example. See below:

- ¹ One San Diego County (or Most Local County) Work Force – Mandatory in most cases
- ² Branch Work Force *
- ³ Managing Office Work Force

**Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county.*

Exhibit A: Work Force Report Job categories-Administration

Refer to this table when completing your firm's Work Force Report form(s).

| | |
|--|---|
| <p>Management & Financial</p> <p>Advertising, Marketing, Promotions, Public Relations, and Sales Managers</p> <p>Business Operations Specialists</p> <p>Financial Specialists</p> <p>Operations Specialties Managers</p> <p>Other Management Occupations</p> <p>Top Executives</p> <p>Professional</p> <p>Art and Design Workers</p> <p>Counselors, Social Workers, and Other Community and Social Service Specialists</p> | <p>Entertainers and Performers, Sports and Related Workers</p> <p>Health Diagnosing and Treating Practitioners</p> <p>Lawyers, Judges, and Related Workers</p> <p>Librarians, Curators, and Archivists</p> <p>Life Scientists</p> <p>Media and Communication Workers</p> <p>Other Teachers and Instructors</p> <p>Postsecondary Teachers</p> <p>Primary, Secondary, and Special Education School Teachers</p> <p>Religious Workers</p> <p>Social Scientists and Related Workers</p> |
|--|---|

Architecture & Engineering, Science, Computer

| |
|--|
| Architects, Surveyors, and Cartographers |
| Computer Specialists |
| Engineers |
| Mathematical Science Occupations |
| Physical Scientists |

Technical

| |
|--|
| Drafters, Engineering, and Mapping Technicians |
| Health Technologists and Technicians |
| Life, Physical, and Social Science Technicians |
| Media and Communication Equipment Workers |

Sales

| |
|--|
| Other Sales and Related Workers |
| Retail Sales Workers |
| Sales Representatives, Services |
| Sales Representatives, Wholesale and Manufacturing |
| Supervisors, Sales Workers |

Administrative Support

| |
|---|
| Financial Clerks |
| Information and Record Clerks |
| Legal Support Workers |
| Material Recording, Scheduling, Dispatching, and Distributing Workers |
| Other Education, Training, and Library Occupations |
| Other Office and Administrative Support Workers |
| Secretaries and Administrative Assistants |
| Supervisors, Office and Administrative Support Workers |

Services

| |
|---|
| Building Cleaning and Pest Control Workers |
| Cooks and Food Preparation Workers |
| Entertainment Attendants and Related Workers |
| Fire Fighting and Prevention Workers |
| First-Line Supervisors/Managers, Protective Service Workers |
| Food and Beverage Serving Workers |
| Funeral Service Workers |
| Law Enforcement Workers |
| Nursing, Psychiatric, and Home Health Aides |
| Occupational and Physical Therapist Assistants and Aides |
| Other Food Preparation and Serving Related Workers |
| Other Healthcare Support Occupations |
| Other Personal Care and Service Workers |
| Other Protective Service Workers |
| Personal Appearance Workers |
| Supervisors, Food Preparation and Serving Workers |
| Supervisors, Personal Care and Service Workers |
| Transportation, Tourism, and Lodging Attendants |

Crafts

| |
|--|
| Construction Trades Workers |
| Electrical and Electronic Equipment Mechanics, Installers, and Repairers |
| Extraction Workers |
| Material Moving Workers |
| Other Construction and Related Workers |
| Other Installation, Maintenance, and Repair Occupations |
| Plant and System Operators |
| Supervisors of Installation, Maintenance, and Repair Workers |
| Supervisors, Construction and Extraction Workers |
| Vehicle and Mobile Equipment Mechanics, Installers, and Repairers |
| Woodworkers |

Operative Workers

| |
|---|
| Assemblers and Fabricators |
| Communications Equipment Operators |
| Food Processing Workers |
| Metal Workers and Plastic Workers |
| Motor Vehicle Operators |
| Other Production Occupations |
| Printing Workers |
| Supervisors, Production Workers |
| Textile, Apparel, and Furnishings Workers |

Transportation

| |
|---|
| Air Transportation Workers |
| Other Transportation Workers |
| Rail Transportation Workers |
| Supervisors, Transportation and Material Moving Workers |
| Water Transportation Workers |

Laborers

| |
|--|
| Agricultural Workers |
| Animal Care and Service Workers |
| Fishing and Hunting Workers |
| Forest, Conservation, and Logging Workers |
| Grounds Maintenance Workers |
| Helpers, Construction Trades |
| Supervisors, Building and Grounds Cleaning and Maintenance Workers |
| Supervisors, Farming, Fishing, and Forestry Workers |

Exhibit B: Work Force Report Job categories-Trade

Brick, Block or Stone Masons

| |
|-----------------------------|
| Brickmasons and Blockmasons |
| Stonemasons |

Carpenters

Carpet, floor and Tile Installers and Finishers

| |
|--|
| Carpet Installers |
| Floor Layers, except Carpet, Wood and Hard Tiles |
| Floor Sanders and Finishers |
| Tile and Marble Setters |

Cement Masons, Concrete Finishers

| |
|--------------------------------------|
| Cement Masons and Concrete Finishers |
| Terrazzo Workers and Finishers |

Construction Laborers

Drywall Installers, Ceiling Tile Inst

| |
|-------------------------------------|
| Drywall and Ceiling Tile Installers |
| Tapers |

Electricians

Elevator Installers and Repairers

First-Line Supervisors/Managers

| |
|---|
| First-line Supervisors/Managers of Construction Trades and Extraction Workers |
|---|

Glaziers

Helpers, Construction Trade

| |
|---|
| Brickmasons, Blockmasons, and Tile and Marble Setters |
| Carpenters |
| Electricians |
| Painters, Paperhangers, Plasterers and Stucco |
| Pipelayers, Plumbers, Pipefitters and Steamfitters |
| Roofers |
| All other Construction Trades |

Millwrights

| |
|--|
| Heating, Air Conditioning and Refrigeration Mechanics and Installers |
| Mechanical Door Repairers |
| Control and Valve Installers and Repairers |
| Other Installation, Maintenance and Repair Occupations |

Misc. Const. Equipment Operators

| |
|--|
| Paving, Surfacing and Tamping Equipment Operators |
| Pile-Driver Operators |
| Operating Engineers and Other Construction Equipment Operators |

Painters, Const. Maintenance

| |
|--|
| Painters, Construction and Maintenance |
| Paperhangers |

Pipelayers and Plumbers

| |
|--|
| Pipelayers |
| Plumbers, Pipefitters and Steamfitters |

Plasterers and Stucco Masons

Roofers

Security Guards & Surveillance Officers

Sheet Metal Workers

Structural Iron and Steel Workers

Welding, Soldering and Brazing Workers

| |
|--|
| Welders, Cutter, Solderers and Brazers |
| Welding, Soldering and Brazing Machine Setter, Operators and Tenders |

Workers, Extractive Crafts, Miners

EQUAL BENEFITS ORDINANCE CERTIFICATION OF COMPLIANCE

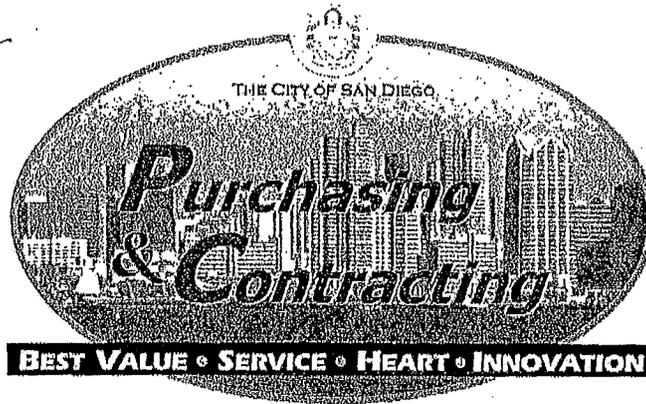


For additional information, contact:

CITY OF SAN DIEGO
EQUAL BENEFITS PROGRAM
202 C Street, MS 9A, San Diego, CA 92101
Phone (619) 533-3948 Fax (619) 533-3220

| COMPANY INFORMATION | |
|--|--|
| Company Name: Black & Veatch Corporation | Contact Name: Bev Albrecht |
| Company Address: 11401 Lamar Ave., Overland Park, KS 66211 | Contact Phone: 913-458-2000 |
| | Contact Email: albrechtbs@bv.com |
| CONTRACT INFORMATION | |
| Contract Title: Cost of Service Study for Public Utilities | Start Date: 1/1/2012 |
| Contract Number (if no number, state location): RFP No.: 10020688-12-C | End Date: 12/31/2012 |
| SUMMARY OF EQUAL BENEFITS ORDINANCE REQUIREMENTS | |
| <p>The Equal Benefits Ordinance [EBO] requires the City to enter into contracts only with contractors who certify they will provide and maintain equal benefits as defined in San Diego Municipal Code §22.4302 for the duration of the contract. To comply:</p> <ul style="list-style-type: none"> ■ Contractor shall offer equal benefits to employees with spouses and employees with domestic partners in. <ul style="list-style-type: none"> ▪ Benefits include health, dental, vision insurance; pension/401(k) plans; bereavement, family, parental leave; discounts, child care; travel/relocation expenses; employee assistance programs; credit union membership; or any other benefit. ▪ Any benefit not offered to an employee with a spouse, is not required to be offered to an employee with a domestic partner. ■ Contractor shall post notice of firm's equal benefits policy in the workplace and notify employees at time of hire and during open enrollment periods. ■ Contractor shall allow City access to records, when requested, to confirm compliance with EBO requirements. ■ Contractor shall submit <i>EBO Certification of Compliance</i>, signed under penalty of perjury, prior to award of contract. <p>This summary is provided for convenience. Full text of the EBO and its Rules posted at www.sandiego.gov/administration.</p> | |
| CONTRACTOR EQUAL BENEFITS ORDINANCE CERTIFICATION | |
| Please indicate your firm's compliance status with the EBO by selecting A, B, or C below. The City may request supporting documentation. | |
| <input checked="" type="checkbox"/> I affirm compliance with the EBO because my firm (<i>contractor must select one reason</i>): <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Provides equal benefits to spouses and domestic partners. <input type="checkbox"/> Provides no benefits to spouses or domestic partners. <input type="checkbox"/> Has no employees. <input type="checkbox"/> Has collective bargaining agreement(s) in place prior to January 1, 2011, that has not been renewed or expired. | |
| <input type="checkbox"/> I request the City's approval to pay affected employees a cash equivalent in lieu of equal benefits and verify my firm made a reasonable effort but is not able to provide equal benefits upon contract award. I agree to notify employees of the availability of a cash equivalent for benefits available to spouses but not domestic partners and to continue to make every reasonable effort to extend all available benefits to domestic partners. | |
| <p>It is unlawful for any contractor to knowingly submit any false information to the City regarding equal benefits or cash equivalent associated with the execution, award, amendment, or administration of any contract. (San Diego Municipal Code §22.4307(a))</p> <p>Under penalty of perjury under laws of the State of California, I certify the above information is true and correct. I further certify that my firm understands the requirements of the Equal Benefits Ordinance and will provide and maintain equal benefits for the duration of the contract or pay a cash equivalent if authorized by the City.</p> | |
| Bev Albrecht, Benefits Manager | |
| Name/Title of Signatory | Signature |
| | 11/7/2011 |
| | Date |
| FOR OFFICIAL CITY USE ONLY | |
| Receipt Date: | EBO Analyst: <input type="checkbox"/> Approved <input type="checkbox"/> Not Approved - Reason: |

Thomas R. Addison
Addendum Acknowledged 12/2/2011



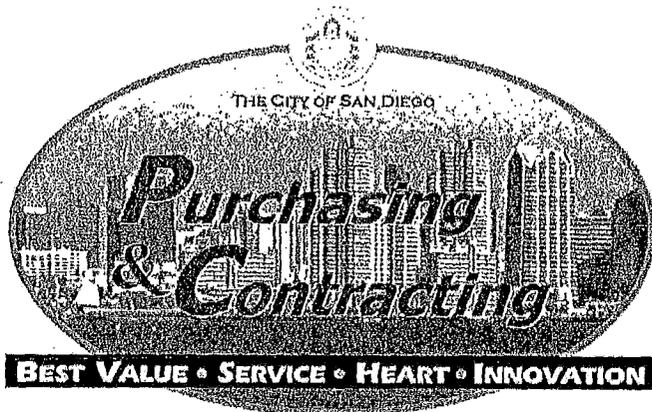
**REQUEST FOR PROPOSAL (RFP)
RFP NO.: 10020688-12-C
COST OF SERVICE STUDY FOR PUBLIC UTILITIES**

ADDENDUM A

| | |
|--|---|
| RFP Release Date: | DATE: October 14, 2011 |
| Recommended Pre-Proposal Conference: See Section L.1 of this RFP for conference details. | DATE: October 25, 2011 At TIME 1:30 p.m., PT |
| Date Written Questions/Comments Due: See Section L.1 of this RFP for question/comment instructions. | DATE: October 27, 2011 On or before 5:00 p.m., PT |
| Proposal Closing: Purchasing & Contracting Department 1200 Third Avenue, Suite 200 San Diego, CA 92101 | DATE: November 28, 2011 On or before 4:00 p.m., PT |
| Term of Contract: | Four (4) year period from Notice to Proceed, with one (1) One Year Option Periods. |
| License(s) Required: | N/A |
| Contact Name and Information: | Karan Wolff, Principal Procurement Specialist (619) 236-7131, Fax: (619) 236--5904 KWolff@sandiego.gov |

**Purchasing & Contracting Department
1200 Third Avenue, Suite 200
San Diego, CA 92101**

Thomas R. Peterson
Addendum Acknowledged 12/2/2011



REQUEST FOR PROPOSAL (RFP)

RFP NO.: 10020688-12-C

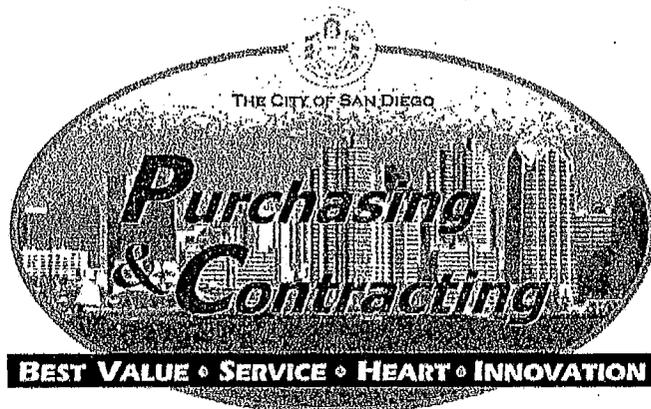
ADDENDUM B

COST OF SERVICE STUDY FOR PUBLIC UTILITIES

| | |
|--|--|
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| Recommended Pre-Proposal Conference: See Section L.1 of this RFP for conference details. | DATE: October 25, 2011 At TIME: 1:30 p.m., PT |
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Purchasing & Contracting Department
1200 Third Avenue, Suite 200
San Diego, CA 92101

Thomas R. Addison
Addendum Acknowledged 12/2/2011



REQUEST FOR PROPOSAL (RFP)
RFP NO.: 10020688-12-C

ADDENDUM C

COST OF SERVICE STUDY FOR PUBLIC UTILITIES

| | |
|---|--|
| RFP Release Date: | DATE: November 30, 2011 |
| Recommended Pre-Proposal Conference: See Section L.1 of this RFP for conference details. | DATE: October 25, 2011 At TIME 1:30 p.m., PT |
| Date Written Questions/Comments Due: See Section L.1 of this RFP for question/comment instructions. | DATE: October 27, 2011 On or before 5:00 p.m., PT |
| Proposal Closing: Purchasing & Contracting Department 1200 Third Avenue, Suite 200 San Diego, CA 92101 | DATE: November 9, 2011 On or before 4:00 p.m., PT |
| Term of Contract: | Four (4) year period from Notice to Proceed, with one (1) One Year Option Periods. |
| License(s) Required: | N/A |
| Contact Name and Information: | Karan Wolff, Principal Procurement Specialist (619) 236-7131, Fax: (619) 236--5904 KWolff@sandiego.gov |

Purchasing & Contracting Department
1200 Third Avenue, Suite 200
San Diego, CA 92101

CITY OF SAN DIEGO
PURCHASING & CONTRACTING DEPARTMENT
1200 Third Avenue, Suite 200
San Diego, CA 92101-4195
Fax: (619) 236-5904

ADDENDUM D

Proposal No. 10020688-12-C

Revised Proposal Closing Date: **December 5, 2011**
@ 4:00 p.m.

Proposal for furnishing the City of San Diego with **Cost of Service Study for Public Utilities.**

The following changes to the specifications are hereby made effective as though they were originally shown and/or written.

1. **The proposal closing date has been changed from November 30, 2011 to December 5, 2011.**
2. *Delete* the Addendum C Request for Proposal cover page and replace with the attached Addendum D Request for Proposal cover page.
3. *Delete* Addendum B, page 14 and *replace* attached Addendum D, page 14. (NOTE: Section C, Item C, Task 6 paragraph 3 has been deleted).
4. Clarification on Questions in Addendum B are as follows:
 - 10 Question: Section C, item D., page 15, explain the phrase.... "unemployment insurance claim representation".....
Clarification: Please refer to Addendum B, page 15, "OBJECTIVE".
 12. Question: Section C, Item C., Task 5, last paragraph, page 14, explain the meaning of this paragraph.
Clarification: Delete paragraph 3 of Addendum B Section C, item C., Task 6, in its entirety. The paragraph to be deleted is:

"The Contractor shall provide ad hoc statistical reports upon request by the City. These reports may include statistics on the number of separations received, number of claims processed, percentage of claims protested and not protested, overall win rate, hearing decisions, and other related claims analysis."

(See Item 1 of this addendum above and attached Addendum D, page 14 below.)

13. Question: Section G, item A., page 20, can invoices be submitted monthly?

Clarification: Yes. Please refer to Addendum B, page 20, Section G, Item A, "Invoicing and Payment".

17. Question: There are two different descriptions of the "RFP Proposal Format and Organization", one on pages 74-75 (section L.4) and one on pages 79-81 (section L.3). Which of these should we follow?

Clarification: Follow the one on pages 74-75. The original one on pages 79-81 has been deleted. Please see Addendum B, item #3.

CITY OF SAN DIEGO PURCHASING & CONTRACTING DEPARTMENT

Karan Wolff, C.P.M.
Principal Procurement Specialist

(619) 236-7131

November 29, 2011

KW/yk

- h. Revenue stability and sufficiency to perpetuate the utility;
- i. Ability to evaluate/promote conservation for all customer classes;
- j. Ability to perform sensitivity analyses and see the changes in real time on in-built screen graphics; and
- k. Ease of input, report printing, update, understanding, ease of administration, and legal defensibility.

The Contractor will review any models and/or spreadsheets developed to prepare the proposed rate structures with City staff and train City staff on any models necessary to update the rates annually. As a result of this task, the consultant will provide comprehensive written reports, including executive summaries, detailing the findings and recommendations for both water and sewer.

Decision Point

Task 4 Additional requirements to provide Water Budget based Cost of Service

This task will be required, should it be determined by the City, upon conclusion of Task 4 of the concurrent Water Budget study, to proceed with adopting the water budget based pricing structure for the City's customers. Contractors should be careful to anticipate the total number of additional hours and other requirements that would be necessary to complete this task for both water and sewer. This determination by the City could come at any time during the cost of service study process.

Task 5 – Public Outreach

The goal of this task is to support the Department with the presentation of the results of the studies to the various stakeholder groups and City Council. The outreach strategy should include a variety of activities to reach broadly into the community to provide information about the developed rate structure.

The Department is anticipating that a minimum of one to two presentations each for the City's Independent Rates Oversight Committee (IROC); a minimum of two presentations each to the City Council (one committee hearing and one full Council meeting); and four to six presentations to outside stakeholder groups, e.g. The San Diego County Taxpayers Assoc., or Town Hall type meetings. If the Department proceeds with the water budget approach, additional meetings may be required along with a more extensive customer outreach plan to educate customers on the new billing system.

Task 6 – Additional As Needed Services

The goal of this task is to provide the City with financial and economic study related consulting services on an as needed basis for the term of the contract.

Additional Services may include, but not limited to the following:

- a. Analysis of impact of future increases to the cost of purchase water and the development of alternative methods to address the increased costs;
- b. Development of benchmarking with other agencies related to rates, efficiencies, and other financial metrics;
- c. Periodic reviews of the financial plan and rate model to ensure accuracy, consistency and validity of assumptions used to develop the financial plan; Assist staff with the analysis of multiple rate sensitivities
- d. Other related services as requested by the Department.

Deleted.

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CITY OF SAN DIEGO PURCHASING & CONTRACTING DEPARTMENT

Karan Wolff, C.P.M.
Principal Procurement Specialist

(619) 236-7131

November 29, 2011

KW/yk

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- c. Periodic reviews of the financial plan and rate model to ensure accuracy, consistency and validity of assumptions used to develop the financial plan; Assist staff with the analysis of multiple rate sensitivities
- d. Other related services as requested by the Department.

Deleted.

Thomas R. Robinson
Addendum Acknowledged 12/2/2011



REQUEST FOR PROPOSAL (RFP)
RFP NO.: 10020688-12-C

ADDENDUM D

COST OF SERVICE STUDY FOR PUBLIC UTILITIES

| | |
|---|--|
| RFP Release Date: | DATE: December 5, 2011 |
| Recommended Pre-Proposal Conference: See Section L.1 of this RFP for conference details. | DATE: October 25, 2011 At TIME 1:30 p.m., PT |
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| License(s) Required: | N/A |
| Contact Name and Information: | Karan Wolff, Principal Procurement Specialist (619) 236-7131, Fax: (619) 236--5904 KWolff@sandiego.gov |

Purchasing & Contracting Department
1200 Third Avenue, Suite 200
San Diego, CA 92101

City of San Diego
Human Resources Department
Request for Labor Relations Office Approval for Purchase Requisition

RECEIVED

BY:

Requesting Department: Public Utilities
Vendor Name: Black & Veatch Corporation
Purchase Requisition #: 10032472
Department Contact: David Stallman
Date of Request: July 15, 2013
Contact Amount: \$942,710

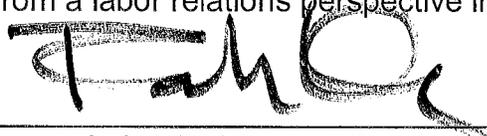
Please submit request to HumanResources@saniego.gov or Mail Station 56L

| <u>Question</u> | <u>Department Response</u> |
|--|--|
| What is the contract for? | This is an amendment to the original contract to perform essentially the same duties as the original contract, i.e., Cost of Service Study for Water and Wastewater to produce a rate case for each, but this second phase would take into account the significant issues facing the Department (Indirect/Direct Potable Reuse, the Point Loma Waiver and Desalination pricing from the County Water Authority). |
| Are City employees currently performing any of the work? | Staff is working closely with the Consultant and providing information, statistical data and other input that the consultant uses to produce the rate models and rate cases for both Water and Wastewater. |
| Will any City employees be displaced as a result of this bid? | No |
| If this is a renewal of an existing contract, how long have these services been contracted out? | This is an amendment to the original contract that was set up to last for four years with the City's option for a fifth year. The original contract was fully executed on May 7, 2012 and with the adoption of this amendment will go out the full five years through May 6, 2017. |

NOTE: If a public works construction contract and over \$100k, see City Charter Section 94.

HUMAN RESOURCES DEPARTMENT USE ONLY

Based on the Department's representation, this contract is Approved from a labor relations perspective in accordance with the City's Contracting Protocols.



Labor Relations Office

7/26/13

Date