

**SHORT FORM AGREEMENT BETWEEN OWNER AND HDR ENGINEERING,
INC. FOR PROFESSIONAL SERVICES
AGREEMENT NUMBER _____**

THIS AGREEMENT is made as of this 26th day of September 2017, between City of Reedley ("OWNER") with principal offices at 1733 9th Street, Reedley, CA 93654, and HDR ENGINEERING, INC., ("ENGINEER") a Nebraska corporation, with principal offices at 8404 Indian Hills Drive, Omaha, Nebraska, 68114 for services in connection with the project known as the Solid Waste Rate Study ("Project");

WHEREAS, OWNER desires to engage ENGINEER to provide professional engineering, consulting and related services ("Services") in connection with the Project; and

WHEREAS, ENGINEER desires to render these Services as described in SECTION I, Scope of Services.

NOW, THEREFORE, OWNER and ENGINEER in consideration of the mutual covenants contained herein, agree as follows:

SECTION I. SCOPE OF SERVICES

ENGINEER will provide Services for the Project, which consist of the Scope of Services as outlined on the attached Exhibit A.

SECTION II. TERMS AND CONDITIONS OF ENGINEERING SERVICES

The "HDR Engineering, Inc. Terms and Conditions for Professional Services," which are attached hereto in Exhibit B, are incorporated into this Agreement by this reference as if fully set forth herein.

SECTION III. RESPONSIBILITIES OF OWNER

The OWNER shall provide the information set forth in paragraph 6 of the attached "HDR Engineering, Inc. Terms and Conditions for Professional Services."

SECTION IV. COMPENSATION

Compensation for ENGINEER'S services under this Agreement shall be on the basis of a time and materials plus reimbursable expenses, estimated to be \$24,985.00 as identified in the scope of services.

Direct Labor Cost shall mean salaries and wages, (basic and overtime) paid to all personnel engaged directly on the Project. The Direct Labor Costs and the factor applied

to Direct Labor Costs will be adjusted annually as of the first of every year to reflect equitable changes to the compensation payable to Engineer.

Reimbursable Expense shall mean the actual expenses incurred directly or indirectly in connection with the Project for transportation travel, subconsultants, subcontractors, technology charges, telephone, telex, shipping and express, and other incurred expense. ENGINEER will add ten percent (10%) to invoices received by ENGINEER from subconsultants and subcontractors to cover administrative expenses and vicarious liability.

SECTION V. PERIOD OF SERVICE

Upon receipt of written authorization to proceed, ENGINEER shall perform the services within the time period(s) described in Exhibit A.

Unless otherwise stated in this Agreement, the rates of compensation for ENGINEER'S services have been agreed to in anticipation of the orderly and continuous progress of the project through completion. If any specified dates for the completion of ENGINEER'S services are exceeded through no fault of the ENGINEER, the time for performance of those services shall be automatically extended for a period which may be reasonably required for their completion and all rates, measures and amounts of ENGINEER'S compensation shall be equitably adjusted.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

City of Reedley

"OWNER"

BY:



NAME:

Nicole Zieba

TITLE:

City Manager

ADDRESS:

1717 Ninth St.

Reedley, CA 93654

HDR ENGINEERING, INC.

"ENGINEER"

BY:



NAME:

Patrick Haley

TITLE:

Vice President

ADDRESS:

929 108th Ave. NE, Suite 1300

Bellevue, WA 98004

EXHIBIT A

SCOPE OF SERVICES



City of Reedley

PROPOSAL



Comprehensive
Solid Waste Rate Study
June 2017





July 16, 2017

Mr. Russ Robertson
Public Works Manager
City of Reedley - Public Works Department
1733 Ninth Street
Reedley, CA 93654

Subject: Proposal to Provide Comprehensive Solid Waste Rate Study

Dear Mr. Robertson:

HDR is pleased to provide the City of Reedley (City) with this proposal to provide comprehensive solid waste rate study. The City's solid waste utility provides collection and disposal services to the City's residents. The solid waste utility is an enterprise fund of the City and, as such, must be finally self-sustaining. The City's solid waste rates were last reviewed and updated in 2014. The objective of this study is to review the adequacy of the City's current solid waste rates and develop cost-based rates for the City Council's consideration. This study will be developed using generally accepted ratemaking principles and methodologies.

HDR has developed this proposal based upon our understanding of the City's needs. HDR is willing to modify or adjust our scope of services to meet the specific needs of the City. The proposed Project Manager for this study will be Shawn Koorn. Shawn has worked extensively with the City over the years and most recently during on the City's comprehensive water rate study.

We look forward to discussing our proposal with you. Should you have any questions about our approach to this project or any information contained herein, please call me directly at (425) 450-6366. Thank you again for the opportunity to submit on this important project.

Sincerely yours,
HDR Engineering, Inc.

A handwritten signature in black ink, appearing to read 'Karen Doherty', with a stylized flourish at the end.

Karen Doherty, P.E.
Senior Vice President

A handwritten signature in black ink, appearing to read 'Shawn W. Koorn', with a stylized flourish at the end.

Shawn W. Koorn
Associate Vice President



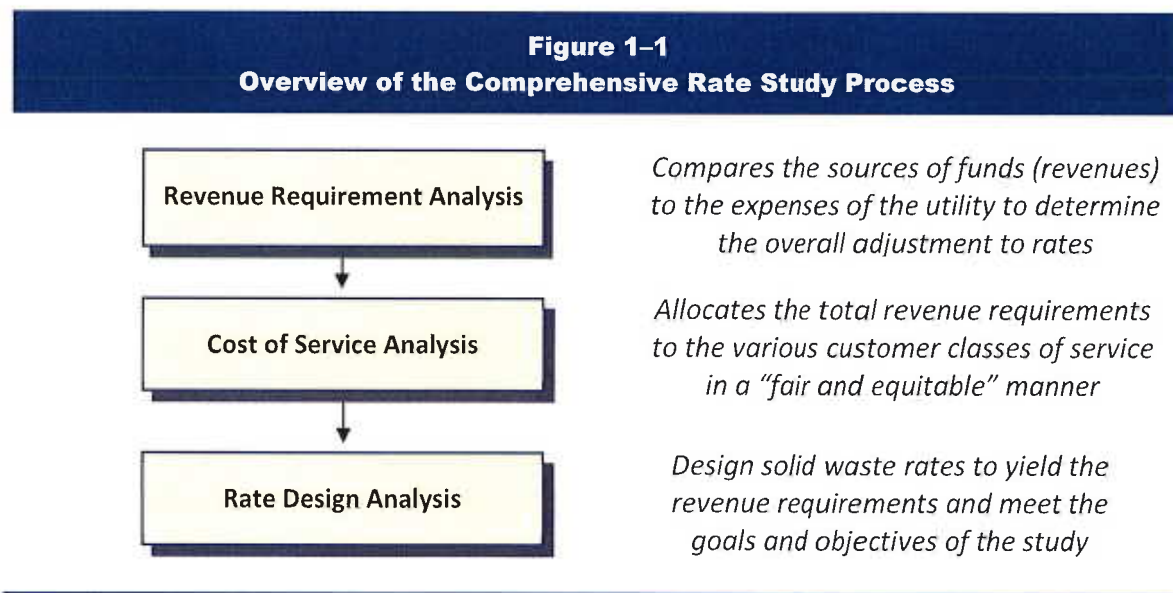
1. Proposed Scope of Work and Project Schedule

1.1 Introduction

The City has requested that HDR submit a proposal to conduct a comprehensive solid waste rate study. This scope of work and project schedule has been developed based on our current understanding of the City's goals and objectives of this study. We are willing to adjust the scope of work or time schedule to help the City meet their overall objectives in conducting this study.

1.2 Overview of a Comprehensive Rate Study

The City's solid waste utility is an enterprise fund, and as such, must financially "stand on its own" or, in other words, be financially self sufficient. The comprehensive analysis to be developed assumes the City's solid waste utility will have rates and fees sufficient to meet its total costs. The methodology HDR typically uses for its comprehensive rate studies relies upon "generally accepted" methodologies within the financial and rate-setting industry. A comprehensive rate study is generally comprised of the three interrelated analyses shown below in Figure 1-1.



While Figure 1-1 provides an overview of the typical components of a comprehensive solid waste rate study, an important aspect of this study is incorporating and "tailoring" those analytical elements into an overall scope of services. The scope of services developed for the City will provide a comprehensive solid waste rate analysis.

1.2 Proposed Scope of Work

For each task described below, HDR has attempted to identify the main objective of the task, along with the expected City staff support for the task and the task deliverables. The proposed scope of work is designed to provide a financially sustainable rate plan to meet the solid waste utility's operating and capital needs.

Task 1—Initial Project Meeting

Task Objective: *Bring the Consultant, City management, and staff together at the start of the project to provide the opportunity for both parties to have a mutual understanding of the goals, objectives, and concerns related to the study.*

The initial project “kick-off” meeting for the rate study is important to the overall success of this study. Given that HDR has not worked with the City’s solid waste rates, this meeting will provide an opportunity for City management to provide the background and context needed for HDR’s review. This meeting allows both parties to discuss the overall goals and objectives for this study while also discussing issues and concerns that either party may have. Given our past working relationship with the City, it is proposed that the initial project meeting be approximately one (1)-hour in length and conducted via conference call. The HDR project manager and task lead will participate in the kick-off conference call.

Expected City Staff Support for Task 1:

- Have City key management/project team members attend a one (1)-hour conference call.

Deliverables as a Result of Task 1—Initial Project Meeting:

- Identification of objectives, issues, and concerns by both parties.

Task 2—Data Collection and Review

Task Objective: *Review and assess the City’s existing data, and provide a written data request detailing the data required to complete the solid waste rate study.*

The initial written data request provides a detailed written list of the data and information required to conduct the City’s solid waste rate study. HDR will provide a written data request to the City prior to the initial project meeting so that it can be discussed at the meeting and problem areas quickly resolved. The data and information requested for this study should be, for the most part, readily available information (e.g., financial, statistical, customer). In particular, the solid waste billing information is a critical component (e.g., bin size, number of pick-up per week) of the data and information needed for this study. The City has noted that an existing data base is available that will provide customer can size, pick-ups, etc. for the analysis. HDR will utilize the City’s budget documents and financial records for the revenues and expenses associated with the utility. HDR will work with the City to resolve any data issues that may arise.

“In particular, the solid waste billing information is a critical component (e.g. bin size, number of pick-ups per week) of the data and information needed for this study.”

Expected City Staff Support for Task 2:

- Gather the data requested from the written data request provided by HDR.

Deliverables as a Result of Task 2—Data Collection and Review:

- An initial written data request to the City.
- Identification of data constraints.

Task 3—Revenue Requirement Analysis

Task Objective: *Using a generally-accepted rate-setting methodology, develop the City’s solid waste revenue requirement analysis for a projected five-year time period taking into consideration the operating costs associated with collection and disposal and the capital costs associated with equipment. The revenue requirement analysis will result in a financial plan and rate transition plan for the solid waste utility to adequately fund operations and capital needs.*

“The revenue requirement analysis provides the cost-basis for any future needed rate adjustments.”

The development of the revenue requirement analyses is the first major analytical task of the comprehensive solid waste rate study. This portion of the study entails reviewing the various sources of funds (revenues) and comparing them to the applications of funds (expenses) of the solid waste utility, while considering the prudent and proper funding for operations and maintenance (O&M) and capital expenditures. The revenue requirement analysis provides the cost-basis for any future needed rate adjustments. A more detailed discussion of the various steps involved in developing the solid waste revenue requirement analysis is provided below.

STEP 1 – SELECTION OF A TEST PERIOD – The first step in the development of the revenue requirements is the selection of a “test period”. A “test period” refers to a time frame of reference for the accumulation of revenues, expenses, and consumption data. In this case, a five-year (e.g., 2018 – 2022) projected time period is recommended. HDR can adjust this time period as needed.

STEP 2 – METHOD OF ACCUMULATING COSTS – Once the “test period” has been determined, the next decision is to determine the basis or method of accumulating costs. There are two choices (methodologies) for accumulating costs: the “cash” or “utility/accrual” basis. Table 1-1 provides a simple comparison between these two “generally accepted” methodologies.

Table 1-1	
Cash vs. Utility Basis Comparison	
Utility/Accrual Basis	Cash Basis
+ O&M Expense	+ O&M Expense
+ Taxes or Transfer Payments	+ Taxes or Transfer Payments
+ Annual Depreciation Expense	+ Capital Projects Financed with Rate Revenues (≥ Deprec. Exp.)
+ <u>Return on Rate Base (Investment)</u>	+ <u>Debt Service (P+I)</u>
= Revenue Requirement	= Revenue Requirement

It should be noted that the “cash” basis approach is the methodology the City has historically used to conduct their rate studies. It is also recommended for this study.

- information as it relates to developing the revenue requirements.
- Provide “as needed” data refinements or additional data needs as determined during the process of developing the revenue requirements.
- Attend a four (4)-hour project meeting to review the draft revenue requirement analysis.

Deliverables as a Result of Task 3—Revenue Requirement Analysis.

- A half-day project meeting to review revenue requirements.
- A revenue requirement analysis for a projected five-year period that considers the necessary operating and capital needs of the solid waste utility.
- Projection of solid waste revenues.
- A capital financing plan within the revenue requirement analysis, utilizing the solid waste capital plan, which attempts to maximize capital expenditures while minimizing the impacts to customers over time.
- If needed, a transition plan to “phase in” needed rate adjustments.
- Recommendations regarding key financial indicators (e.g., debt service coverage, capital replacement, reserve levels).

Task 4—Cost of Service Analysis

Task Objective: *Develop a solid waste cost of service study to equitably allocate the collection, disposal, yard waste, and recycling portions of the revenue requirement analysis to the different customers and service levels provided by the City.*

The cost of service analysis ultimately provides the basis for cost-based rates for each of the City’s solid waste services. A brief discussion of the major steps of the solid waste cost of service analysis is provided below.

STEP 1 – SELECTION OF TEST PERIOD – The first step of a cost of service is to select a time period for the allocation of costs. A cost of service analysis typically reviews a one-year time period, or the period over which rates will be established.

STEP 2– FUNCTIONALIZATION OF EXPENSES – The next step in the cost of service process is to functionalize the data. Functionalization refers to the arrangement of cost data into the common type of accounts or budget categories. In this case, functionalization refers to the main services of collection, disposal, yard waste, and recyclables. It is unclear how the City has segregated these costs, but it is anticipated that the City’s system of accounts will be used to accomplish this particular step.

STEP 3– ALLOCATION OF EXPENSES – The final analytical step involved in the cost of service studies is the allocation of the functionalized expenses to each of the classes/services provided. The billing units developed from the revenue projections will provide a starting point for the development of equitable allocation factors. HDR will also review these allocation factors with the City to determine their reasonableness.

STEP 4– SUMMARY OF THE COST OF SERVICE – The summary of the cost of service will develop average unit costs for each of the services provided. For example, a residential customer receives services related to collection, disposal, yard waste, and comingled recyclables. The current fee is \$33.54/month. The cost of service will price each of these components and then sum them into a monthly rate. A similar analysis will be developed for each customer class of service. For commercial services which are based upon container/bin size and number of pickups, the cost

STEP 3 – ACCUMULATION OF REVENUES AND EXPENSES – Once the test period and method of accumulating costs has been determined, HDR, in conjunction with City management and staff, will develop the test period revenue requirements.

The first step in the revenue requirement analysis is the projection of revenues at present rate levels. In this case, the City has a defined set of rate schedules by class of service (i.e., residential, multi-family, commercial/institutional, packing houses & cold storage and recycling containers and bins). HDR will review a recent 12-month historical period to obtain the billing units for each of these rate schedules, and project the rate revenues at present rates for the 2018 – 2022 time period.

Revenue requirements are composed of two major types of costs: operational and capital expenses. The operational costs are generally projected from budgeted costs using assumed escalation factors and adjusted for known changes (e.g., changes in tipping fees/disposal costs, additional personnel, growth/expansion). The operational costs are composed of two major components: collection and disposal costs. These costs will be segregated within the revenue requirement since they are both major components of the overall costs of the utility, but more importantly, unique services associated with the solid waste utility. HDR will work with the City to project the disposal costs based upon the tipping fees and historical tonnage records. Collection costs are more personnel related, and the City's budget documents will be used as a starting point for that projection.

Unlike the City's water and wastewater utility, the solid waste utility is not as capital infrastructure intensive. There are capital costs associated with solid waste utilities, but they tend to be more equipment related. Given that, HDR will review the City's solid waste capital planning documents and determine a prudent level of funding from rates to support an adequate equipment replacement plan, along with any other needed capital expenditures. The intent is to develop a capital funding plan which maximizes funds available while minimizing financing costs over time.

In the development of the revenue requirement, a number of financial planning aspects or criteria will also be taken into account. These include policies related to adequate reserve fund levels, adequate capital funding through rates, and the ability to meet any short or long-term debt service coverage requirements (DSC). As a part of this study, HDR will develop the revenue requirement analysis to be consistent with the financial policies and the financial planning criteria for the City.

At the completion of the draft analysis, the HDR project manager and task lead will meet with the City onsite to review the draft results. It is assumed that this meeting will be approximately four (4) hours in length.

While the analysis to be developed is very detailed, an important step is to summarize the analysis into an easy to understand format. HDR will develop summary tables for the revenue requirement analysis that should provide easy to understand findings and results. Finally, an important element of the study is the potential need for a rate transition plan. If needed, HDR will develop a rate transition plan for the five-year period. This allows for the smooth transition to cost-based rate levels if necessary.

Expected City Staff Support for Task 3:

- Provide “as needed” assistance, via email and telephone, to explain the City's data and

of service will develop unit costs for one (1) bin/container and one (1) pickup per week. The unit costs can then be populated for additional bins/containers and the number of pickups per week.

At the conclusion of the draft cost of service analysis, the HDR project manager and task lead will meet with the City to review the development of the cost of service analysis. It is assumed this will be a two (2)-hour meeting.

Expected City Staff Support for Task 4:

- Attend a two (2)-hour project meeting to review the findings and results of the cost of service analyses.
- Provide any “as needed” data refinements or additional data needs as determined during the process of developing the cost of service analysis.

Deliverables as a Result of Task 4 – Cost of Service Analysis:

- An equitable allocation of the revenue requirement to the various customer types and services.
- Cost of service average unit costs (cost-based rates) for each type and level of service.
- One 2 hour internal project meeting to review the draft results of the cost of service analysis.

Task 5—Rate Design Analyses

Task Objective: Develop rate design options utilizing the cost information developed as a part of the previous tasks. Consider alternative rate structures or rate designs which better address and meet the specific objectives of the City. The rate designs must be administratively feasible and legally defensible from a cost perspective.

An important starting point for the rate design process is understanding the City’s rate design goals and objectives. For a solid waste utility these rate design goals and objectives may be more narrowly focused compared to other utilities. These may include items such as ease of customer understanding, administrative/billing ease, revenue stability, and encouragement of recycling. Understanding the City’s rate design objectives will assist HDR in the development of the rate design alternatives.

HDR does not anticipate the need to revise the City’s current rate structures. The approach used for each class of service appears reasonable. HDR will review the “weightings” of the bins/containers and the pickups per week. For example, the weighting for two containers-one time per week is approximately 58% more than one container-one time per week. HDR will review and evaluate these weightings in the context of the cost of service and the specific service being provided.

One (1) rate design alternative will be developed for each class of service (i.e., present rate structure). Bill comparisons will be developed for the rate design to provide the City with a better understanding of the potential bill impacts to customers.

Expected City Staff Support for Task 5:

- Discuss with HDR the City’s solid waste rate design goals and objectives.
- Review and comment on rate design alternatives for appropriateness.

Deliverables as a Result of Task 5—Rate Design Analysis:

- Review of the City’s current rates and develop up to one (1) rate design alternative for each class of service.
- Review of solid waste “weightings” within the commercial/institutional and packing houses & cold storage rates.
- Bill comparisons and graphs for the rate design alternatives.

Task 6—Written Report

Task Objective: *Provide a written report to summarize the findings, conclusions, and recommendations of the solid waste rate study.*

Upon completion of the solid waste rate analysis, HDR will develop an electronic draft written report of the study. The written report is intended to be comprehensive in nature and document the activities undertaken as a part of the project, along with our findings, conclusions, and recommendations. Within our reports, HDR provides technical appendices of the technical analyses undertaken. HDR will provide an electronic copy of the draft final report to the City for its review and comment. Any comments, suggestions, or corrections from the City concerning the draft final report will be incorporated into the final report. Five (5) bound copies and an electronic copy of the final report will be provided to the City.

Expected City Staff Support for Task 6:

- Review and comment on the draft written reports.

Deliverables as a Result of Task 6—Written Reports:

- Five (5) bound copies and an electronic copy of the draft and final written reports.

Task 7—Public Presentations

Task Objective: *Provide effective public presentations of the findings, results, and recommendations of the utility rate studies.*

For planning purposes, HDR will assume attendance at two (2) public presentations to assist the City staff in presenting the findings, conclusions and recommendations of this study. The first meeting will review the study to gain acceptance of the rates to be published for the Proposition 218 notice. The second public meeting will be the public hearing to gain public input and potentially adopt the proposed solid waste rates.

HDR will develop all presentation materials for the public meetings and the HDR project manager will present at the public meetings. Any requested public presentations (i.e., public meetings) beyond the two proposed meetings will be provided on a time and material basis.

Expected City Staff Support for Task 7:

- Schedule and coordinate meeting dates and materials for the public presentations.
- Review and comment on proposed handouts for public meetings.

Deliverables as a Result of Task 7— Public Presentations:

- Presentation materials for the City Council packets.
- Up to two (2) public presentations of the study’s findings and recommendations.

Task 8—Computer Models

Task Objective: Provide a copy of the solid waste rate model developed as part of this study.

The rate model developed for the City's solid waste rate study will be provided to the City at the end of the study. No user manual or user training has been assumed within the proposed scope of services.

Expected City Staff Support for Task 8:

- None

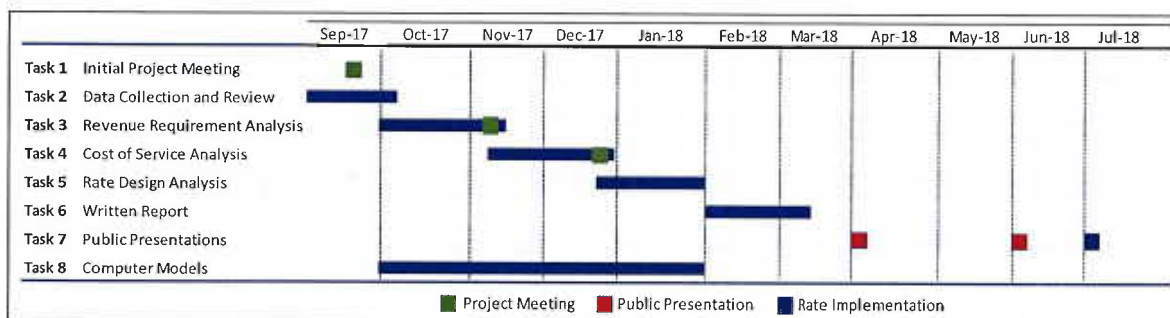
Deliverables as a Result of Task 8— Computer Models:

- An electronic copy of the computer spreadsheet models used to develop the City's solid waste rate study.

This proposed work plan for the solid waste rate study has been developed based upon our limited understanding of the City's solid waste utility and the City's specific issues and needs for this study. HDR is willing to modify our approach to meet the City's needs.

1.3 Proposed Project Time Schedule

A study of this complexity generally requires 16 to 24 weeks to complete. Given an assumed fall of 2017 project start date, HDR would anticipate a study completion date towards early 2018 with the public hearings in April and June of 2018.



This schedule will provide ample opportunity for the HDR and the City to have the necessary review time and policy discussions to develop an appropriate and effective plan for the solid waste utility. With this time schedule, the City will have the sufficient time to inform policy makers and the public of the proposed adjustments and meet the requirements of Proposition 218.

1.4 Summary of the Proposed Scope of Work

The above scope of work provides a detailed understanding of our proposed approach and methodology for the solid waste rate study. HDR believes it has provided a scope of work capable of addressing the requirements needed to establish cost-based solid waste rates.

2. Key Project Team Members

2.1 Introduction

A key factor to the success of any rate study is the experience and expertise of the project team. HDR has proposed a highly experienced and qualified project team which is organized around the specific scope of services needed for the studies.

2.2 Key Project Team Members

Provided below is an overview of the individuals to be assigned to the City's project. HDR has additional rate and solid waste engineering personnel should additional labor resources be required for the City's study.

Shawn Koorn – Project Manager/QC



- More than 17 years of experience in utility rate setting, including revenue requirements, cost of service, and rate design.
- Recognized expert in the area of cost of service and rate design for utility rates.
- Extensive experience in California with rate setting and the requirements of Proposition 218.
- Worked extensively with the City and conducted the City's most recent water rate study.
- Project Manager for the City of Belmont (CA), City of Spokane (WA), and City of Richland (WA) solid waste rate studies.
- Contributing author to the AWWA M-54 manual, Developing Rates for Small Systems.

Judy Dean – Task Lead



- Washington State Certified Public Accountant – Inactive
- More than 25 years of experience in utility financial planning and rate setting.
- Task leader for the annual review of the City of Belmont's solid waste rate analysis.
- Task leader for numerous California rate and fee studies.
- Prior to joining HDR, worked for the City of Kennewick (WA) as a Finance Department Accountant.

Josiah Close – Solid Waste Rate Analysis



- Four years of experience in developing rate models for water, wastewater, stormwater, and solid waste systems.
- Conducted rate/fee analysis and modeling for the City of Oak Harbor (WA) - water, sewer, stormwater, and solid waste.
- Extensive experience working with California utilities including City of Woodland, Sacramento Suburban Water District, Las Gallinas Valley Sanitary District, and City of San Luis Obispo.
- Prior to joining HDR, worked for a state agency doing financial analysis and budgeting.

Wendy Mifflin – Solid Waste Planning and Engineering



- More than 30 years of industry experience.
- Prior Solid Waste utility Division Manager.
- Prior County Solid Waste Utility Director.
- Previously was an accountant in the Auditors office providing annual reporting, financial projections, and budget and rate setting.

HDR has assembled a very strong project team with individuals that have worked with the City in the past as well as solid waste engineering and planning experts. Should additional personnel be required, HDR has extensive labor resources.



3. Estimated Project Fees

3.1 Introduction

This section of the proposal discusses HDR's estimated project fees to conduct the City's solid waste rate study. The project fees developed within this section of our proposal are based upon the previously developed scope of work (Section 1). If the City desires to modify the scope of work, HDR reserves the right to adjust the project fees accordingly to reflect the revised level of effort needed.

3.2 Cost Proposal

Provided at the end of this section are the estimated project fees for the City's solid waste rate study. The estimated total fees are \$24,985.00. HDR is willing to negotiate a final fee based on a final scope of services. Should the City request additional services under this contract, the services will be provided at the hourly billing rates shown below. Portions of this price proposal can be expanded or reduced in conformance with scope adjustments and as mutually agreed upon in writing by the City and HDR.

3.3 Fee Schedule

Our proposed hourly rate schedule by job classification is provided below. This hourly rates schedule will be in effect during the course of the study, through calendar year 2017. These rates shall apply for the requested scope of work.

HDR HOURLY BILLING RATE SCHEDULE January 2017 to December 2017

Project Manager	\$255
Task Manager	\$180
Financial Analyst	\$115
Solid Waste Planner	\$125
QA/QC	\$295
Admin./Clerical	\$130-\$150

Rates are subject to change after December 31, 2017.

The billing rates shown cover payroll cost, employee benefits, and HDR overhead and profit.

EXPENSES:

In-House Expenses

Vehicle Mileage (per mile)	Current Federal Travel Regulation (FTR)
Black/White Photocopies (per copy)	\$0.05 to \$0.09
Color Copy (per copy)	\$0.15 to \$0.30

Please Note: No markup on direct expenses (airfare, hotel, etc.).



The hourly billing rates shown above will be in effect over the course of this study. HDR annually adjusts their hourly billing rates. Out-of-scope work performed after December 2017 will reflect actual billing rates based on changes in the hourly billing rates.

Proposed Method of Payment

HDR proposes that fees will be billed monthly on a time and material basis in accordance with the unit prices described in the above price proposal, with a not to exceed of \$24,985. Provided below is a summary, by task, of the estimated fee.

Summary of the Estimated Fees for the Solid Waste Study		
Task	Task Description	Cost
1	Initial Project Meeting	\$1,435
2	Data Collection and Review	560
3	Revenue Requirement Analysis	4,235
4	Cost of Service Analysis	5,215
5	Rate Design Analysis	3,175
6	Written Reports	2,825
7	Public Presentations	4,305
8	Computer Models	<u>230</u>
	Expenses	<u>3,005</u>
	Total Fee Estimate	\$24,985

EXHIBIT B

TERMS AND CONDITIONS

HDR Engineering, Inc.

Terms and Conditions for Professional Services

1. STANDARD OF PERFORMANCE

The standard of care for all professional engineering, consulting and related services performed or furnished by ENGINEER and its employees under this Agreement will be the care and skill ordinarily used by members of ENGINEER's profession practicing under the same or similar circumstances at the same time and in the same locality. ENGINEER makes no warranties, express or implied, under this Agreement or otherwise, in connection with ENGINEER's services.

2. INSURANCE/INDEMNITY

ENGINEER agrees to procure and maintain, at its expense, Workers' Compensation insurance as required by statute; Employer's Liability of \$250,000; Automobile Liability insurance of \$1,000,000 combined single limit for bodily injury and property damage covering all vehicles, including hired vehicles, owned and non-owned vehicles; Commercial General Liability insurance of \$1,000,000 combined single limit for personal injury and property damage; and Professional Liability insurance of \$1,000,000 per claim for protection against claims arising out of the performance of services under this Agreement caused by negligent acts, errors, or omissions for which ENGINEER is legally liable. AGENCY shall be made an additional insured on Commercial General and Automobile Liability insurance policies and certificates of insurance will be furnished to the AGENCY. ENGINEER agrees to indemnify AGENCY for third party personal injury and property damage claims to the extent caused by ENGINEER's negligent acts, errors or omissions. However, neither Party to this Agreement shall be liable to the other Party for any special, incidental, indirect, or consequential damages (including but not limited to loss of profits or revenue; loss of use or opportunity; loss of good will; cost of substitute facilities, goods, or services; and/or cost of capital) arising out of, resulting from, or in any way related to the Project or the Agreement from any cause or causes, including but not limited to any such damages caused by the negligence, errors or omissions, strict liability or breach of contract.

3. OPINIONS OF PROBABLE COST (COST ESTIMATES)

Any opinions of probable project cost or probable construction cost provided by ENGINEER are made on the basis of information available to ENGINEER and on the basis of ENGINEER's experience and qualifications, and represents its judgment as an experienced and qualified professional engineer. However, since ENGINEER has no control over the cost of labor, materials, equipment or services furnished by others, or over the contractor(s)' methods of determining prices, or over competitive bidding or market conditions, ENGINEER does not guarantee that proposals, bids or actual project or construction cost will not vary from opinions of probable cost ENGINEER prepares.

4. CONSTRUCTION PROCEDURES

ENGINEER's observation or monitoring portions of the work performed under construction contracts shall not relieve the contractor from its responsibility for performing work in accordance with applicable contract documents. ENGINEER shall not control or have charge of, and shall not be responsible for, construction means, methods, techniques, sequences, procedures of construction, health or safety programs or precautions connected with the work and shall not manage, supervise, control or have charge of construction. ENGINEER shall not be responsible for the acts or omissions of the contractor or other parties on the project. ENGINEER shall be entitled to review all construction contract documents and to require that no provisions extend the duties or liabilities of ENGINEER beyond those set forth in this Agreement. AGENCY agrees to include ENGINEER as an indemnified party in AGENCY's construction contracts for the work, which shall protect ENGINEER to the same degree as AGENCY. Further, AGENCY agrees that ENGINEER shall be listed as an additional insured under the construction contractor's liability insurance policies.

5. CONTROLLING LAW

This Agreement is to be governed by the law of the state where ENGINEER's services are performed.

6. SERVICES AND INFORMATION

AGENCY will provide all criteria and information pertaining to AGENCY's requirements for the project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expandability,

and any budgetary limitations. AGENCY will also provide copies of any AGENCY-furnished Standard Details, Standard Specifications, or Standard Bidding Documents which are to be incorporated into the project.

AGENCY will furnish the services of soils/geotechnical engineers or other consultants that include reports and appropriate professional recommendations when such services are deemed necessary by ENGINEER. The AGENCY agrees to bear full responsibility for the technical accuracy and content of AGENCY-furnished documents and services.

In performing professional engineering and related services hereunder, it is understood by AGENCY that ENGINEER is not engaged in rendering any type of legal, insurance or accounting services, opinions or advice. Further, it is the AGENCY's sole responsibility to obtain the advice of an attorney, insurance counselor or accountant to protect the AGENCY's legal and financial interests. To that end, the AGENCY agrees that AGENCY or the AGENCY's representative will examine all studies, reports, sketches, drawings, specifications, proposals and other documents, opinions or advice prepared or provided by ENGINEER, and will obtain the advice of an attorney, insurance counselor or other consultant as the AGENCY deems necessary to protect the AGENCY's interests before AGENCY takes action or forebears to take action based upon or relying upon the services provided by ENGINEER.

7. SUCCESSORS, ASSIGNS AND BENEFICIARIES

AGENCY and ENGINEER, respectively, bind themselves, their partners, successors, assigns, and legal representatives to the covenants of this Agreement. Neither AGENCY nor ENGINEER will assign, sublet, or transfer any interest in this Agreement or claims arising therefrom without the written consent of the other. No third party beneficiaries are intended under this Agreement.

8. RE-USE OF DOCUMENTS

All documents, including all reports, drawings, specifications, computer software or other items prepared or furnished by ENGINEER pursuant to this Agreement, are instruments of service with respect to the project. ENGINEER retains AGENCYship of all such documents. AGENCY may retain copies of the documents for its information and reference in connection with the project; however, none of the documents are intended or represented to be suitable for reuse by AGENCY or others on extensions of the project or on any other project. Any reuse without written verification or adaptation by ENGINEER for the specific purpose intended will be at AGENCY's sole risk and without liability or legal exposure to ENGINEER, and AGENCY will defend, indemnify and hold harmless ENGINEER from all claims, damages, losses and expenses, including attorney's fees, arising or resulting therefrom. Any such verification or adaptation will entitle ENGINEER to further compensation at rates to be agreed upon by AGENCY and ENGINEER.

9. TERMINATION OF AGREEMENT

AGENCY or ENGINEER may terminate the Agreement, in whole or in part, by giving seven (7) days written notice to the other party. Where the method of payment is "lump sum," or cost reimbursement, the final invoice will include all services and expenses associated with the project up to the effective date of termination. An equitable adjustment shall also be made to provide for termination settlement costs ENGINEER incurs as a result of commitments that had become firm before termination, and for a reasonable profit for services performed.

10. SEVERABILITY

If any provision of this agreement is held invalid or unenforceable, the remaining provisions shall be valid and binding upon the parties. One or more waivers by either party of any provision, term or condition shall not be construed by the other party as a waiver of any subsequent breach of the same provision, term or condition.

11. INVOICES

ENGINEER will submit monthly invoices for services rendered and AGENCY will make payments to ENGINEER within thirty (30) days of AGENCY's receipt of ENGINEER's invoice.

ENGINEER will retain receipts for reimbursable expenses in general accordance with Internal Revenue Service rules pertaining to the support of

expenditures for income tax purposes. Receipts will be available for inspection by AGENCY's auditors upon request.

If AGENCY disputes any items in ENGINEER's invoice for any reason, including the lack of supporting documentation, AGENCY may temporarily delete the disputed item and pay the remaining amount of the invoice. AGENCY will promptly notify ENGINEER of the dispute and request clarification and/or correction. After any dispute has been settled, ENGINEER will include the disputed item on a subsequent, regularly scheduled invoice, or on a special invoice for the disputed item only.

AGENCY recognizes that late payment of invoices results in extra expenses for ENGINEER. ENGINEER retains the right to assess AGENCY interest at the rate of one percent (1%) per month, but not to exceed the maximum rate allowed by law, on invoices which are not paid within thirty (30) days from the date AGENCY receives ENGINEER's invoice. In the event undisputed portions of ENGINEER's invoices are not paid when due, ENGINEER also reserves the right, after seven (7) days prior written notice, to suspend the performance of its services under this Agreement until all past due amounts have been paid in full.

12. CHANGES

The parties agree that no change or modification to this Agreement, or any attachments hereto, shall have any force or effect unless the change is reduced to writing, dated, and made part of this Agreement. The execution of the change shall be authorized and signed in the same manner as this Agreement. Adjustments in the period of services and in compensation shall be in accordance with applicable paragraphs and sections of this Agreement. Any proposed fees by ENGINEER are estimates to perform the services required to complete the project as ENGINEER understands it to be defined. For those projects involving conceptual or process development services, activities often are not fully definable in the initial planning. In any event, as the project progresses, the facts developed may dictate a change in the services to be performed, which may alter the scope. ENGINEER will inform AGENCY of such situations so that changes in scope and adjustments to the time of performance and compensation can be made as required. If such change, additional services, or suspension of services results in an increase or decrease in the cost of or time required for performance of the services, an equitable adjustment shall be made, and the Agreement modified accordingly.

13. CONTROLLING AGREEMENT

These Terms and Conditions shall take precedence over any inconsistent or contradictory provisions contained in any proposal, contract, purchase order, requisition, notice-to-proceed, or like document.

14. EQUAL EMPLOYMENT AND NONDISCRIMINATION

In connection with the services under this Agreement, ENGINEER agrees to comply with the applicable provisions of federal and state Equal Employment Opportunity for individuals based on color, religion, sex, or national origin, or disabled veteran, recently separated veteran, other protected veteran and armed forces service medal veteran status, disabilities under provisions of executive order 11246, and other employment, statutes and regulations, as stated in Title 41 Part 60 of the Code of Federal Regulations § 60-1.4 (a-f), § 60-300.5 (a-e), § 60-741 (a-e).

15. HAZARDOUS MATERIALS

AGENCY represents to ENGINEER that, to the best of its knowledge, no hazardous materials are present at the project site. However, in the event hazardous materials are known to be present, AGENCY represents that to the best of its knowledge it has disclosed to ENGINEER the existence of all such hazardous materials, including but not limited to asbestos, PCB's, petroleum, hazardous waste, or radioactive material located at or near the project site, including type, quantity and location of such hazardous materials. It is acknowledged by both parties that ENGINEER's scope of services do not include services related in any way to hazardous materials. In the event ENGINEER or any other party encounters undisclosed hazardous materials, ENGINEER shall have the obligation to notify AGENCY and, to the extent required by law or regulation, the appropriate governmental officials, and ENGINEER may, at its option and without liability for delay, consequential or any other damages to AGENCY, suspend performance of services on that portion of the project affected by hazardous materials until AGENCY: (i) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the hazardous materials; and (ii) warrants that the project site is in full compliance with all applicable laws and regulations. AGENCY

acknowledges that ENGINEER is performing professional services for AGENCY and that ENGINEER is not and shall not be required to become an "arranger," "operator," "generator," or "transporter" of hazardous materials, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1990 (CERCLA), which are or may be encountered at or near the project site in connection with ENGINEER's services under this Agreement. If ENGINEER's services hereunder cannot be performed because of the existence of hazardous materials, ENGINEER shall be entitled to terminate this Agreement for cause on 30 days written notice. To the fullest extent permitted by law, AGENCY shall indemnify and hold harmless ENGINEER, its officers, directors, partners, employees, and subconsultants from and against all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused by, arising out of or resulting from hazardous materials, provided that (i) any such cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or injury to or destruction of tangible property (other than completed Work), including the loss of use resulting therefrom, and (ii) nothing in this paragraph shall obligate AGENCY to indemnify any individual or entity from and against the consequences of that individual's or entity's sole negligence or willful misconduct.

16. EXECUTION

This Agreement, including the exhibits and schedules made part hereof, constitute the entire Agreement between ENGINEER and AGENCY, supersedes and controls over all prior written or oral understandings. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by the parties.

17. ALLOCATION OF RISK

AGENCY AND ENGINEER HAVE EVALUATED THE RISKS AND REWARDS ASSOCIATED WITH THIS PROJECT, INCLUDING ENGINEER'S FEE RELATIVE TO THE RISKS ASSUMED, AND AGREE TO ALLOCATE CERTAIN OF THE RISKS, SO, TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF ENGINEER (AND ITS RELATED CORPORATIONS, SUBCONSULTANTS AND EMPLOYEES) TO AGENCY AND THIRD PARTIES GRANTED RELIANCE IS LIMITED TO THE LESSER OF \$1,000,000 OR ITS FEE, FOR ANY AND ALL INJURIES, DAMAGES, CLAIMS, LOSSES, OR EXPENSES (INCLUDING ATTORNEY AND EXPERT FEES) ARISING OUT OF ENGINEER'S SERVICES OR THIS AGREEMENT REGARDLESS OF CAUSE(S) OR THE THEORY OF LIABILITY, INCLUDING NEGLIGENCE, INDEMNITY, OR OTHER RECOVERY.

18. LITIGATION SUPPORT

In the event ENGINEER is required to respond to a subpoena, government inquiry or other legal process related to the services in connection with a legal or dispute resolution proceeding to which ENGINEER is not a party, AGENCY shall reimburse ENGINEER for reasonable costs in responding and compensate ENGINEER at its then standard rates for reasonable time incurred in gathering information and documents and attending depositions, hearings, and trial.

19. NO THIRD PARTY BENEFICIARIES

No third party beneficiaries are intended under this Agreement. In the event a reliance letter or certification is required under the scope of services, the parties agree to use a form that is mutually acceptable to both parties.

20. UTILITY LOCATION

If underground sampling/testing is to be performed, a local utility locating service shall be contacted to make arrangements for all utilities to determine the location of underground utilities. In addition, AGENCY shall notify ENGINEER of the presence and location of any underground utilities located on the AGENCY's property which are not the responsibility of private/public utilities. ENGINEER shall take reasonable precautions to avoid damaging underground utilities that are properly marked. The AGENCY agrees to waive any claim against ENGINEER and will indemnify and hold ENGINEER harmless from any claim of liability, injury or loss caused by or allegedly caused by ENGINEER's damaging of underground utilities that are not properly marked or are not called to ENGINEER's attention prior to beginning the underground sampling/testing.



REEDLEY CITY COUNCIL

- ☐ Consent Calendar
- ☐ Regular Item
- ☐ Workshop
- ☐ Closed Session
- ☐ Public Hearing

ITEM NO: _____

DATE: 9/26/2017

TITLE: APPROVE AND AUTHORIZE THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH HDR ENGINEERING, INC. TO PROVIDE A COMPREHENSIVE SOLID WASTE RATE STUDY IN ACCORDANCE WITH STATE LAW, RESULTS OF WHICH WILL BE BROUGHT BACK FOR DISCUSSION IN A FUTURE CITY COUNCIL MEETING.

SUBMITTED: Russ Robertson, Public Works Director

APPROVED: Nicole Zieba, City Manager

RECOMMENDATION

That the City Council of the City of Reedley authorize the City Manager to enter into an agreement with HDR Engineering, Inc. for the purpose of performing a comprehensive solid waste rate study for the City of Reedley solid waste utility.

EXECUTIVE SUMMARY

A rate study for the City of Reedley's Solid Waste disposal services was last performed in 2009. On July 1, 2009, City Council passed Resolution 2009-032 which established an annual inflationary increase to Solid Waste service rates based on the Consumer Price Index (CPI). By law, annual CPI increases as stated on the resolution may only be in effect for a period of 5 years. The City has not increased Solid Waste rates since 2014, however by law, a rate study must be performed to determine the financial stability of the Solid Waste enterprise fund and also determine if rates should be adjusted to maintain solvency.

HDR Engineering, Inc. has performed several rate studies through the years for the City of Reedley. HDR also completed the City's comprehensive utility master plan, thus they are very familiar with Reedley's budget document and the functions and operations of the Solid Waste division. HDR has performed hundreds of rate studies for cities across the United States. It is because of their experience and institutional knowledge that City staff selected HDR to perform the comprehensive Solid Waste rate study.

The rate study will include a revenue requirement analysis, a cost of service analysis, a rate design analysis, and a final written report with conclusions and recommendations. The findings

and recommendations will be brought before Council at a later date for discussion and consideration.

FISCAL IMPACT

The total project fee for the Comprehensive Solid Waste Rate Study is \$24,985. Funds for this study are available in the Solid Waste Enterprise Fund Professional Services account.

ATTACHMENTS

1. HDR Proposal to provide Comprehensive Solid Waste Rate Study