



## AGENDA REPORT

**Meeting Date:** October 5, 2010  
**Item Number:** F-5  
**To:** Honorable Mayor & City Council  
**From:** Shana Epstein, Environmental Utilities Manager   
**Subject:** AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND RAFTELIS FINANCIAL CONSULTANTS, INC. FOR CONSULTANT SERVICES RELATED TO PREPARATION OF A WATER RATE STUDY; AND

APPROVAL OF A PURCHASE ORDER TO RAFTELIS FINANCIAL CONSULTANTS, INC. IN THE AMOUNT NOT TO EXCEED \$118,375 FOR THE SERVICES

**Attachments:** 1. Agreement

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### RECOMMENDATION

Staff recommends that the "City Council move to approve an agreement between the City of Beverly Hills and Raftelis Financial Consultants, Inc. (RFC) for consultant services related to preparation of a water rate study" and approve a purchase order to RFC in the amount not to exceed \$118,375.

### INTRODUCTION

In 2005, the City of Beverly Hills changed its rate structure to add a fourth consumption tier for residential customers and charge commercial customers a uniform rate based on consumption that did not allow them to benefit from the artificially low tiers. During the last rate increase approval, the Director of Public Works and Transportation committed to the City Council to re-evaluate the rate structure and assess the value of changing it. The agreement before the City Council would achieve this goal.

### DISCUSSION

The selected firm was originally chosen through a request for proposal process when the City began to investigate the value of developing a rate structure that encouraged conservation. RFC was chosen due to its reputation in the water and wastewater

industry for being a leader in developing rate structures. RFC has proven to be a reliable consultant who pays attention to the details necessary to make sure our revenue requirements are met.

At the time the existing rate structure was determined, the Public Works Commission, the Metropolitan Water District Director, and key staff were surveyed to see what type of water conservation rate would be most beneficial. The survey results came back to make the simplest system with the least variables.

In Spring of 2010, one customer was vocal at the Public Works Commission and City Council meetings requesting lot size and occupancy to be a factor to be considered when setting consumption tier rates. Therefore, staff requested RFC to draft a scope of how a water budget rate structure, which may reflect a number of factors, would compare to the City's existing tiered rate structure. The scope of work includes a review of three years worth of customer history and community outreach to evaluate if a new water rate structure would be preferable.

**FISCAL IMPACT**

The funds in an amount not to exceed \$118,375 are available in the adopted FY 2010/2011 Water Enterprise Fund Budget.

  
for Scott Miller  
Finance Approval

  
for David Gustavson  
Approved By

# **Attachment 1**

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND RAFTELIS FINANCIAL CONSULTANTS, INC. FOR CONSULTANT SERVICES RELATED TO PREPARATION OF A WATER RATE STUDY

NAME OF CONSULTANT:	Raftelis Financial Consultants, Inc.
RESPONSIBLE PRINCIPAL OF CONSULTANT:	Sudhir Pardiwala, Vice President
CONSULTANT'S ADDRESS:	201 S. Lake Avenue, Suite 301 Pasadena, CA 91101
CITY'S ADDRESS:	City of Beverly Hills 455 N. Rexford Drive Beverly Hills, CA 90210 Attention: Shana Epstein Environmental Utilities Manager
COMMENCEMENT DATE:	Upon execution of the Agreement
TERMINATION DATE:	June 30, 2012
CONSIDERATION:	Not to exceed \$118,375 based on the rates set forth in Exhibit A

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND RAFTELIS FINANCIAL CONSULTANTS, INC. FOR CONSULTANT SERVICES RELATED TO PREPARATION OF A WATER RATE STUDY

THIS AGREEMENT is made by and between the City of Beverly Hills (hereinafter called "CITY"), and Raftelis Financial Consultants, Inc. (hereinafter called "CONSULTANT").

RECITALS

A. CITY desires assistance for the Public Works and Finance Department staff to evaluate current water rates, taking into consideration appropriate revenue requirements, reserve fund impacts, evaluation of CITY's existing cost basis to ensure full "cost recovery", overall financial sustainability, and conservation influence ("Project").

B. CITY desires to hire a qualified consultant to provide such technical advice. CONSULTANT represents that it has the professional qualifications to provide such professional services and CITY desires to retain CONSULTANT to perform such service.

NOW, THEREFORE, the parties agree as follows:

Section 1. CONSULTANT's Scope of Work. CONSULTANT shall perform the Scope of Work described in Exhibit A (the "Scope of Work") attached hereto and incorporated herein in a manner satisfactory to CITY and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. CITY shall have the right to order, in writing, changes in the Scope of Work. Any changes in the Scope of Work by CONSULTANT must be made in writing and approved by both parties. The cost of any change in the Scope of Work must be agreed to by both parties in writing.

Section 2. Time of Performance.

CONSULTANT shall commence its services under this Agreement upon receipt of a written notice to proceed from CITY. CONSULTANT shall complete the performance of services by the Termination Date set forth above and/or in conformance with the project timeline set forth in Exhibit A or as otherwise established by the City Manager or his designee.

The City Manager or his designee may extend the time of performance in writing for two additional one-year terms or such other term not to exceed two years from the date of termination pursuant to the same terms and conditions of this Agreement.

Section 3. Compensation.

(a) Compensation

CITY agrees to compensate CONSULTANT for the services and/or goods provides under this Agreement, and CONSULTANT agrees to accept in full satisfaction for such services, a sum not to exceed the Consideration set forth above and more particularly described in Exhibit A, based on the hourly rates set forth in Exhibit A.

(b) Expenses

The amount set forth in paragraph a shall include reimbursement for all actual and necessary expenditures reasonably incurred in the performance of this Agreement (including, but not limited to, all labor, materials, delivery, tax, assembly, and installation, as applicable). There shall be no claims for additional compensation for reimbursable expenses.

(c) Additional Services.

CITY may from time to time require CONSULTANT to perform additional services not included in the Scope of Services. Such requests for additional services shall be made by CITY in writing and agreed upon by both parties in writing.

Section 4. Method of Payment. Unless otherwise provided for herein, CONSULTANT shall submit to CITY a detailed invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within 30 days of receipt of each invoice, CITY shall pay all undisputed amounts included on the invoice.

Section 5. Independent Contractor. CONSULTANT is and shall at all times remain, as to CITY, a wholly independent contractor. Neither CITY nor any of its agents shall have control over the conduct of CONSULTANT or any of CONSULTANT's employees, except as herein set forth. CONSULTANT shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY.

Section 6. Assignment. This Agreement shall not be assigned in whole or in part, by CONSULTANT without the prior written approval of CITY. Any attempt by CONSULTANT to so assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

Section 7. Responsible Principal(s)

(a) CONSULTANT's Responsible Principal set forth above shall be principally responsible for CONSULTANT's obligations under this Agreement and shall serve as principal liaison between CITY and CONSULTANT. Designation of another Responsible by CONSULTANT shall not be made without prior written consent of CITY.

(b) CITY's Responsible Principal shall be the City Manager or his designee set forth above who shall administer the terms of the Agreement on behalf of CITY.

Section 8. Personnel. CONSULTANT represents that it has, or shall secure at its own expense, all personnel required to perform CONSULTANT's Scope of Work under this Agreement. All personnel engaged in the work shall be qualified to perform such Scope of Work.

Section 9. Permits and Licenses. CONSULTANT shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement, including a business license.

Section 10. Interests of CONSULTANT. CONSULTANT affirms that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the Scope of Work contemplated by this Agreement. No person having any such interest shall be employed by or be associated with CONSULTANT.

Section 11. Insurance.

(a) CONSULTANT shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

(1) A policy or policies of Comprehensive General Liability Insurance, with minimum limits of Two Million Dollars (\$2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by CONSULTANT.

(2) A policy or policies of Comprehensive Vehicle Liability Insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence combined single limit, covering any vehicle utilized by CONSULTANT in performing the Scope of Work required by this Agreement.

(3) Workers' compensation insurance as required by the State of California.

(4) Professional Liability Insurance.

A policy or policies of Professional Liability Insurance (errors and omissions) with minimum limits of One Million Dollars (\$1,000,000) per claim and in the aggregate. Any deductibles or self-insured retentions attached to such policy or policies must be declared to and be approved by CITY. Further, CONSULTANT agrees to maintain in full force and effect such insurance for one year after performance of work under this Agreement is completed.

(b) CONSULTANT shall require each of its sub-contractors to maintain insurance coverage which meets all of the requirements of this Agreement.

(c) The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a B+;VII in the latest edition of Best's Insurance Guide.

(d) CONSULTANT agrees that if it does not keep the aforesaid insurance in full force and effect CITY may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, CITY may take out the necessary insurance and pay, at CONSULTANT's expense, the premium thereon.

(e) At all times during the term of this Agreement, CONSULTANT shall maintain on file with the City Clerk a certificate or certificates of insurance on the form set forth in Exhibit B, attached hereto and incorporated herein, showing that the aforesaid policies are in effect in the required amounts. CONSULTANT shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates. The general and auto liability insurance shall contain an endorsement naming the CITY as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to CITY, and specifically

stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

(f) The insurance provided by CONSULTANT shall be primary to any coverage available to CITY. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

(g) Any deductibles or self-insured retentions must be declared to and approved by CITY. At the option of CITY, CONSULTANT shall either reduce or eliminate the deductibles or self-insured retentions with respect to CITY, or CONSULTANT shall procure a bond guaranteeing payment of losses and expenses.

Section 12. Indemnification. CONSULTANT agrees to indemnify, hold harmless and defend CITY, City Council and each member thereof, and every officer, employee and agent of CITY, from any claim, liability or financial loss (including, without limitation, attorneys fees and costs) arising from any intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of CONSULTANT or any person employed by CONSULTANT in the performance of this Agreement.

Section 13. Termination.

(a) CITY shall have the right to terminate this Agreement for any reason or for no reason upon five calendar days' written notice to CONSULTANT. CONSULTANT agrees to cease all work under this Agreement on or before the effective date of such notice.

(b) In the event of termination or cancellation of this Agreement by CITY, due to no fault or failure of performance by CONSULTANT, CONSULTANT shall be paid based on the percentage of work satisfactorily performed at the time of termination. In no event shall CONSULTANT be entitled to receive more than the amount that would be paid to CONSULTANT for the full performance of the services required by this Agreement. CONSULTANT shall have no other claim against CITY by reason of such termination, including any claim for compensation.

Section 14. CITY's Responsibility. CITY shall provide CONSULTANT with all pertinent data, documents, and other requested information as is available for the proper performance of CONSULTANT's Scope of Work.

Section 15. Information and Documents. All data, information, documents and drawings prepared for CITY and required to be furnished to CITY in connection with this Agreement shall become the property of CITY, and CITY may use all or any portion of the work submitted by CONSULTANT and compensated by CITY pursuant to this Agreement as CITY deems appropriate.

Section 16. Records and Inspections. CONSULTANT shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of ten (10) years. CITY shall have access, without charge, during normal business hours to such records, and the right to examine and audit the same and to make copies and transcripts therefrom, and to inspect all program data, documents, proceedings and activities.

Section 17. Changes in the Scope of Work. The CITY shall have the right to order, in writing, changes in the scope of work or the services to be performed. Any changes in the scope of work requested by CONSULTANT must be made in writing and approved by both parties.

Section 18. Notice. Any notices, bills, invoices, etc. required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during the receiving party's regular business hours or by facsimile before or during the receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid to the addresses set forth above, or to such other addresses as the parties may, from time to time, designate in writing pursuant to this section.

Section 19. Attorney's Fees. In the event that either party commences any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

Section 20. Entire Agreement. This Agreement represents the entire integrated agreement between CITY and CONSULTANT, and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both CITY and CONSULTANT.

Section 21. Exhibits; Precedence. All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail.

Section 22. Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Section 23. City Not Obligated to Third Parties. CITY shall not be obligated or liable under this Agreement to any party other than CONSULTANT.

Section 24. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, at Beverly Hills, California.

CITY OF BEVERLY HILLS  
A Municipal Corporation

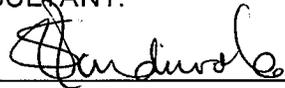
\_\_\_\_\_  
JIMMY DELSHAD  
Mayor of the City of  
Beverly Hills, California

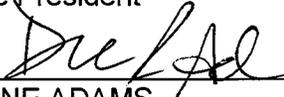
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ATTEST:

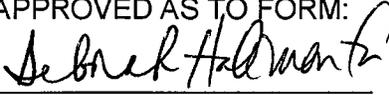
\_\_\_\_\_(SEAL)  
BYRON POPE  
City Clerk

CONSULTANT:

  
\_\_\_\_\_  
SUDHIR PARDIWALA  
Vice President

  
\_\_\_\_\_  
DIANE ADAMS  
Chief Financial Officer

APPROVED AS TO FORM:

  
\_\_\_\_\_  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

\_\_\_\_\_  
JEFFREY KOLIN  
City Manager

  
\_\_\_\_\_  
for DAVID D. GUSTAVSON  
Director of Public Works & Transportation

  
\_\_\_\_\_  
KARL KIRKMAN  
Risk Manager

## EXHIBIT A

### SCOPE OF WORK

#### **Water Rate Structure Review**

CONSULTANT shall perform the following services in connection with the preparation of a water rate study ("Project"):

##### **Task 1 – Project Initiation and Administration**

The purpose of this task is to provide for the successful administration of the Project from beginning to completion. A start-up meeting with CITY representatives and CONSULTANT will be conducted to confirm or finalize study guidelines, goals and objectives, project scope, roles and responsibilities, project schedules and milestones, and the establishment of approval procedures and other administrative processes.

Although CONSULTANT performs project management throughout each of the Project tasks, all of its project management efforts are included and priced as part of this task.

##### **Task 2 – Conservation Rate Structure Presentation**

CONSULTANT shall prepare and present a comparison of different conservation rate structures, including additional tiers and an overview of the water budget rate structure, to the CITY's Commission. The presentation shall include the advantages and disadvantages of all the different conservation rate structures. At the conclusion of the presentation, CONSULTANT shall be available to clarify and answer any questions.

##### **Task 3 – Water Budget Rate Structure Presentation**

Based on the feedback received from Task 2, CONSULTANT shall prepare and present a detailed explanation of the water budget rate structure, including the rationale, methodology, and calculation of the individual water budget, to the CITY's stakeholders and/or Council. The presentation shall also highlight the benefits and challenges that come with implementing the water budget rate structure, including some case studies of other agencies. This task will be contingent upon the direction of the Commission.

##### **Task 4 – Evaluate Water Budget Rate Structure and Data Compilation**

If the CITY is interested in evaluating the water budget rate structure after the presentation in Task 3, CONSULTANT shall prepare a data request list containing the necessary information required to complete the analysis. Based on the data received, CONSULTANT shall build a Model calculating the water budget for each customer based on the methodology outlined in Task 3. The individual water budget will be compared to each customer's previous water usage to analyze the impacts that would result should the CITY decide to implement the water budget

rate structure. The results shall be summarized and presented to the CITY in a separate meeting.

### **Task 5 - Preparation of Report**

The purpose of this task is to document and communicate the study results, assumptions, rationales, and guidelines to CITY staff and stakeholders. The draft report shall summarize the results of the water budget analysis. This draft shall be discussed with CITY staff in a conference call to identify any outstanding issues and provide staff a forum for comments. Following this conference call, CONSULTANT shall incorporate comments as appropriate. Once the report is finalized, the model and report shall be a final deliverable to the CITY.

If the CITY decides it wants to pursue the water budget rate structure the following tasks will be required.

### **TASK 6 – Water Budget Rate Structure Framework**

#### ***Task 6.1: Water Budget Framework Workshop***

It is important that the stakeholders are involved in the process of designing equitable water budget framework, and informed about different potential policy options and the associated implications to each policy option. CONSULTANT shall conduct two workshops with the CITY Commission and staff to discuss different water budget methodologies and policy options to design the water budget framework. The results of the workshops shall be used as guidelines to develop a water budget rate structure.

#### ***Task 6.2: Identify Various Water Budget Methodologies***

The task of identifying water budgets is often driven by the degree of variability within customer classes and the availability of data. If the customers within a customer class are largely the same, some assumptions can be made about the class as a whole when determining the budgets. This can be the case with the residential customer class, in which general assumptions can be made to develop water budgets. Accounts dedicated to irrigation will have outdoor water budget only, which takes into account irrigation areas, weather data, and plant type and irrigation efficiency after adjustment for drought factors to account for different levels of conservation.

Water budgets for residential customers can be determined using a complex equation that takes into account numerous variables including:

- Average residential density per household
- Average water use per capita per day
- Average irrigation area per household or Actual irrigation area per household
- Type of plants
- Irrigation efficiency
- Average EvapoTranspiration (ET) data or Real time ET data
- Drought factors

Other methods of determining water budgets based on median usage, meter size or winter usage will be discussed.

### **Task 6.3: Develop Water Budget Framework**

As part of this task, CONSULTANT shall hold a workshop with CITY staff to develop the water budget framework that best fits the CITY's objectives and goals. This shall include the water budget formula to define indoor and outdoor allocations and how the associated tiers will be defined. For instance, residential accounts could have tier 1 defined as the indoor allocation, tier 2 defined as the outdoor allocation and tier 3 as a percentage of the total indoor and outdoor allocation.

The success of a program also depends on the ability to meet the customers' expectations for service. Water budgets are dynamic. Changes in household size for residential customers or new regulations for commercial customers can both necessitate adjustments in a customer's water budget. It is important to have a system in place that allows customers to petition for an increase in their water budget. Variance programs will help to increase the accuracy of both indoor and outdoor water budgets and customer acceptance, as well as to address unique circumstances and exceptions for some customers who genuinely need larger water budgets. Such customers include those with special medical needs, higher densities or larger irrigation demands. RFC will also provide some insightful recommendations regarding the variance programs from previous experiences at Palmdale Water District, Rancho California Water District, Eastern Municipal Water District, Western Municipal Water District, and El Toro Water District.

### **Task 7: Data Processing**

One of the main challenges of developing a water budget model is having a representative sample of accounts and consumption patterns that can be utilized to determine which tiers the bills will end up, the generation of revenue and customer impacts. To develop this sample, CONSULTANT shall utilize three years of normalized historical consumption, and determine the changes under the current rate structure and the proposed water budget structure to determine customer impacts. Monthly consumption will be tied to the appropriate historical average ET data. This task is a follow up to Task 4 and will include refinement of the data that was reviewed in Task 4.

### **Task 8: Model Development**

Based on the water budget framework developed in Task 6.3, CONSULTANT shall develop a Water Budget Rate Model that will calculate revenue and customer impacts, and conduct sensitivity analyses. The model shall utilize normalized representative samples from Task 7 and the associated landscape area for each account. It is assumed that the water budget framework, as identified in Task 6.3 (the allocation factors to define the tiers), will not change and no more than five (5) tiers would be utilized for this study. The Water Budget Rate Model has the following features:

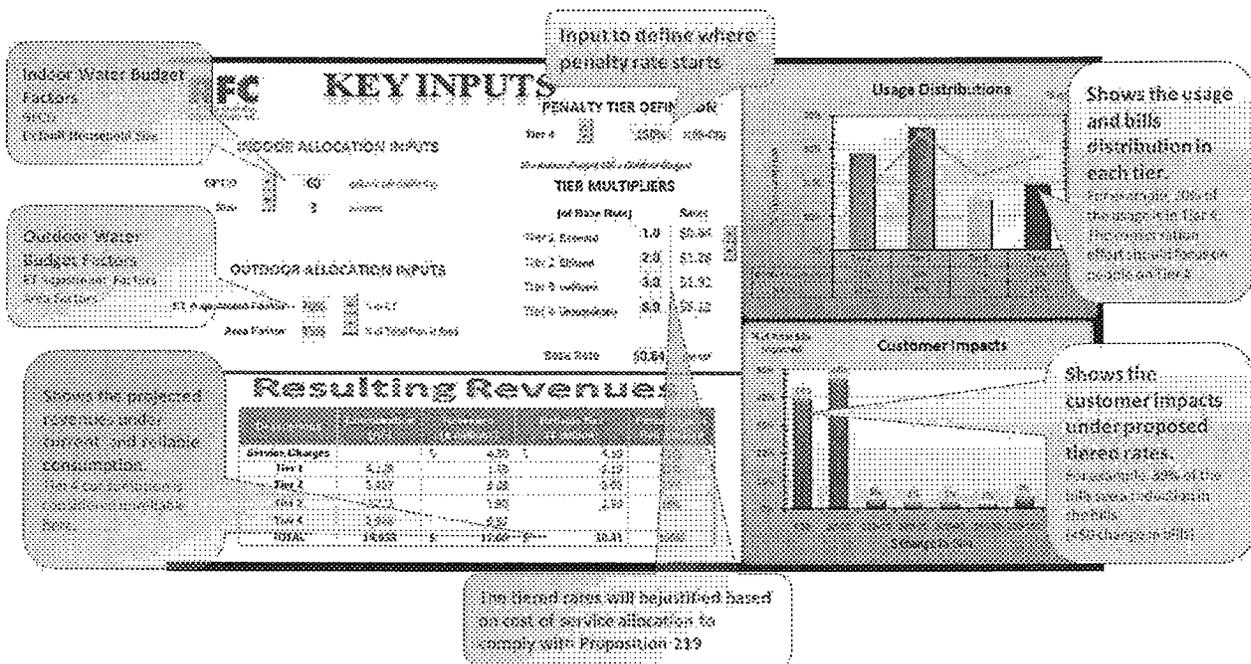
- Allocation for Water Budget. The ability to change the default values for the water allocation factors, such as gallons per capita per day or the percent of ET allocated for landscape area. The model will have the ability to change the ET adjustment factor for outdoor water use by different customer class.
- Cost of Service Analysis. Developed as part of the Comprehensive Water Rate Study.
- Revenue Analysis. The model determines the percent of revenues recovered in each tier based on the water allocation factors and the associated price for each tier. In addition, the model will be able to easily update tiered rates, based on the required future revenue

requirements. For instance, increase in MWD rates could be updated and the associated new rates calculated.

An example of a customized Dashboard from the RFC Model is shown in the figure below.

**Task 9: Calculate Associated Customer Impacts**

The potential financial impact on customers that may result from the proposed rate structures shall also be considered. The model shall include a series of tables and figures that show projected rate impacts on different types of customers at different levels of usage. These figures provide an invaluable tool for evaluating how the recommended rates are impacting targeted customer groups and/or levels of usage to ensure that conservation and other pricing objectives are being addressed effectively.



**Task 10: Rates Design And Calculation**

**Task 10.1: Development of Rates**

Following the completion of the water budget rate model, CONSULTANT shall hold up to two (2) conference calls on the web with GoToMeeting™ with CITY staff to develop different conservation rate scenarios. The goal of these conference calls is to identify conservation rates that will be presented at the Rate Design meeting.

During the Rate Design meeting, CONSULTANT shall present the proposed rates and discuss the benefits and challenges associated with each and demonstrate the Rate Model. If the CITY proceeds with a Water Budget rate structure, the model will include interactive manipulation of the model to variables such as the gallons per capita per day for indoor usage and the ET adjustment factor for outdoor allocations. The ultimate goal of this meeting is to develop a final recommendation of a water rate structure and rates, which will be presented to the Council for approval.

***Task 10.2: Finalize Rates***

After the Workshop, CONSULTANT shall incorporate all the changes and feedbacks into the Rate Model and provide the CITY with the final water rates to be presented to the Council.

**Task 11: Preparation of Study Report**

***Task 11.1: Prepare Draft Report and Discuss Results with Staff***

CONSULTANT shall document the process of developing the financial plan and water budgets, as well as calculating the recommended rates, in a draft report. This draft report shall be submitted at the time the preliminary Model is presented to CITY staff. A comprehensive section on the assumptions and methodologies used to develop the financial, water budget and rate Model shall be included.

***Task 11.2: Prepare Final Report***

Comments from CITY staff shall be incorporated into the Final Report as appropriate and the Model shall be refined to reflect issues or concerns raised by staff and the Commission. The final report in electronic form shall be submitted to the CITY and shall include appropriate supporting data from the Model to address the requirements of Proposition 218 and to ensure that the calculations and methodologies used are transparent and easily understood.

**Task 12: Billing Specifications and Customer Service Training (optional)**

***Task 12.1: Billing Specifications***

As part of this task, CONSULTANT shall document all key modifications to the current billing system in order to implement the proposed water budget tiered rate structure. Discussions with the CITY's billing staff shall be conducted to identify the ability of the current system to accommodate changes in the rate structure. CONSULTANT shall provide details about the changes in rate structure and assist the CITY in implementing the required modifications to the current billing system and ensuring that all the right calculations are performed and consistent with the proposed water budget structure.

***Task 12.2: Customer Service Training***

CONSULTANT shall assist staff in providing answers to common questions regarding water budget rate structures. As part of this task, CONSULTANT shall hold a workshop with the CITY's customer service representatives to train them on all aspects of the water budget rate structure so they can answer customers' questions when and if the CITY decides to implement the water budget rate structure.

**Task 13: Council Presentation and Proposition 218 Notice**

***Task 13.1: Council Presentation***

CONSULTANT shall make one presentation to the City Council on the water budget rate structure and rates with all the visual graphics to ensure ease of understanding.

***Task 13.2: Assistance with Proposition 218 Notice***

CONSULTANT shall assist the CITY with drafting the Proposition 218 notice to be mailed to customers. City Attorney shall review the notice to ensure legal compliance.

**SCHEDULE**

It is expected that Tasks 1 through 5 proposed herein can be completed within 120 days of notice to proceed, assuming that the CITY provides all requested data within a reasonable time frame. If the CITY decides to go with the water budget rate structure we anticipate an additional 90 to 120 days to complete tasks 6 through 11. Task 12 is optional and will be completed during the same time frame if required.

**FEES**

CONSULTANT shall complete the tasks presented above for a not-to-exceed fee of \$118,375. The breakdown of hours and fees is provided below for your reference. Tasks 3 to 5 in the following table will be performed if we conduct the water budget rate structure analysis. It is anticipated that there will be nine meetings during the course of this study. Additional meetings and work will be provided on a time and materials basis.

	Hours Requirements - Water			Task Fee
	Raffelis Financial Consultants			
	SP	HP	Admin	
1. Project Initiation and Management *	10	6	8	\$4,253
2. Conservation Rate Structure Presentation *	10	16		\$5,543
3. Water Budget Rate Structure Presentation *	8	16		\$5,043
4. Evaluate Water Budget Rate Structure	26	108		\$26,480
5. Prepare Report *	16	30	4	\$9,913
6. Water Budget Rate Structure Framework *	24	40		\$13,566
7. Model Development	8	40		\$9,400
8. Calculate Associated Customer Impacts	4	12		\$3,220
9. Rates Design And Calculation *	10	16		\$5,543
10. Preparation of Study Report	24	68	12	\$19,420
11. Billing Specs & Cust Serv Training (optional)	10	32		\$8,503
12. Council Presentation& Prop 218 Notice *	12	24		\$7,491
Total estimated hours	\$162	\$408	\$24	
Hourly rates	\$240	\$175	\$60	
Professional Fees	\$38,880	\$71,400	\$1,440	
		Profession Fees	\$111,720	
		Expenses	\$6,655	
		<b>TOTAL FEES</b>	<b>\$118,375</b>	<b>\$118,375</b>

Key:

SP Sudhir Pardiwala

HP Hannah Phan

\* Includes Trip to City

## EXHIBIT B

### CERTIFICATE OF INSURANCE

This is to certify that the following endorsement is part of the policy(ies) described below:

**NAMED INSURED**

**COMPANIES AFFORDING COVERAGE**

A.  
B.  
C.

**ADDRESS**

COMPANY (A. B. C.)	COVERAGE	POLICY NUMBER	EXPIRATION DATE	LIMITS		
				B.I.	P.D.	AGGREGATE
	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input type="checkbox"/> BLANKET CONTRACTUAL <input type="checkbox"/> CONTRACTOR'S PROTECTIVE <input type="checkbox"/> PERSONAL INJURY <input type="checkbox"/> EXCESS LIABILITY <input checked="" type="checkbox"/> WORKERS' COMPENSATION <input type="checkbox"/>					

It is hereby understood and agreed that the **City of Beverly Hills**, its City Council and each member thereof and every officer and employee of the City shall be named as joint and several assureds with respect to claims arising out of the following project or agreement:

It is further agreed that the following indemnity agreement between the **City of Beverly Hills** and the named insured is covered under the policy: Contractor agrees to indemnify, hold harmless and defend City, its City Council and each member thereof and every officer and employee of City from any and all liability or financial loss resulting from any suits, claims, losses or actions brought against and from all costs and expenses of litigation brought against City, its City Council and each member thereof and any officer or employee of City which results directly or indirectly from the wrongful or negligent actions of contractor's officers, employees, agents or others employed by Contractor while engaged by Contractor in the (performance of this agreement) construction of this project.

It is further agreed that the inclusion of more than one assured shall not operate to increase the limit of the company's liability and that insurer waives any right of contribution with insurance which may be available to the **City of Beverly Hills**.

In the event of cancellation or material change in the above coverage, the company will give **30 days** written notice of cancellation or material change to the certificate holder.

Except to certify that the policy(ies) described above have the above endorsement attached, this certificate or verification of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate or verification of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

DATE: \_\_\_\_\_

BY: \_\_\_\_\_  
Authorized Insurance Representative

AGENCY: \_\_\_\_\_

TITLE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

RM02.DOC REVISED 10/14/96.