

**CITY OF COACHELLA
PROFESSIONAL SERVICES AGREEMENT**

1. PARTIES AND DATE.

This Agreement is made and entered into this _____ day of _____, 2023, by and between the City of Coachella, a municipal corporation organized under the laws of the State of California with its principal place of business at 53462 Enterprise Way, Coachella, CA 92236 County of Riverside, State of California ("City") and NewGen Strategies and Solutions, LLC, a limited liability company, with its principal place of business at 900 Bestgate Road, Ste. 402, Annapolis, MD 21401 ("Consultant"). City and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing engineering services to public clients, is licensed in the State of California, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such professional services for the Comprehensive Water and Wastewater Rate Study ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional engineering consulting services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from January 1, 2025 to July 1, 2025, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the Services.

3.2 Compensation.

3.2.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "C" attached hereto and incorporated herein by reference. The total compensation shall

not exceed **One Hundred Ninety-Two Thousand One Hundred Twenty Dollars and No Cents (\$192,120.00)** without written approval of the City Council or City Manager, as applicable. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.2.2 Payment of Compensation. Consultant shall submit to City a monthly invoice which indicates work completed and hours of Services rendered by Consultant. The invoice shall describe the amount of Services provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the invoice. City shall, within 30 days of receiving such invoice, review the invoice and pay all non-disputed and approved charges. If the City disputes any of Consultant's fees, the City shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth therein. Payment shall not constitute acceptance of any Services completed by Consultant. The making of final payment shall not constitute a waiver of any claims by the City for any reason whatsoever.

3.2.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City, or included in Exhibit "C" of this Agreement.

3.2.4 Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the City.

3.3 Responsibilities of Consultant.

3.3.1 Independent Contractor; Control and Payment of Subordinates. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Any personnel performing the Services on behalf of Consultant shall not be employees of City and shall at all times be under Consultant's exclusive direction and control. Neither City, or any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultants officers, employees or agents, except as set forth in this Agreement. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.3.2 Schedule of Services. Consultant shall perform the Services in a prompt and timely manner and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services expeditiously. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.3.3 Conformance to Applicable Requirements. All work prepared by

Consultant shall be subject to the approval of City.

3.3.4 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. The key personnel for performance of this Agreement are as follows: Eric Callocchia.

3.3.5 City's Representative. The City hereby designates the Castulo Estrada, or his/her designee, to act as its representative in all matters pertaining to the administration and performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for review and approval of all products submitted by Consultant but not the authority to enlarge the Scope of Services or change the total compensation due to Consultant under this Agreement. The City Manager shall be authorized to act on City's behalf and to execute all necessary documents which enlarge the Scope of Services or change the Consultant's total compensation subject to the provisions contained in this Agreement. Consultant shall not accept direction or orders from any person other than the Castulo Estrada, City's Representative or his/her designee.

3.3.6 Consultant's Representative. Consultant hereby designates Eric Callocchia, or his/her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his/her best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.3.7 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.3.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its subconsultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.3.9 Period of Performance.

3.3.9.1 Consultant shall perform and complete all Services under this Agreement within the term set forth in Section 3.1.2 above ("Performance Time"). Consultant shall also perform the Services in strict accordance with any completion schedule or Project milestones described in Exhibits "A" or "B" attached hereto, or which may be separately agreed upon in writing by the City and Consultant ("Performance Milestones"). Consultant agrees that if the Services are not completed within the aforementioned Performance Time and/or pursuant to any such Performance Milestones developed pursuant to provisions of this Agreement, it is understood, acknowledged and agreed that the City will suffer damage.

3.3.9.2 Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing Party. For purposes of this Agreement, such circumstances include a Force Majeure Event. A Force Majeure Event shall mean an event that materially affects a Party's performance and is one or more of the following: (1) Acts of God or other natural disasters; (2) terrorism or other acts of a public enemy; (3) orders of governmental authorities (including, without limitation, unreasonable and unforeseeable delay in the issuance of permits or approvals by governmental authorities that are required for the services); (4) strikes and other organized labor action occurring at the site and the effects thereof on the services, only to the extent such strikes and other organized labor action are beyond the control of Consultant and its subcontractors, and to the extent the effects thereof cannot be avoided by use of replacement workers; and (5) pandemics, epidemics or quarantine restrictions. For purposes of this section, "orders of governmental authorities," includes ordinances, emergency proclamations and orders, rules to protect the public health, welfare and safety, and other actions of a public agency applicable to the services and Agreement.

3.3.9.3 Should a Force Majeure Event occur, the non-performing Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement. Force Majeure Events and/or delays, regardless of the Party responsible for the delay, shall not entitle Consultant to any additional compensation. Notwithstanding the foregoing in this section, the City may still terminate this Agreement in accordance with the termination provisions of this Agreement.

3.3.10 Laws and Regulations; Employee/Labor Certification.

3.3.10.1 Compliance with Laws. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with the Services and this Agreement. All violations of such laws and regulations shall be grounds for the City to terminate the Agreement for cause.

3.3.10.2 Employment Eligibility; Consultant. Consultant certifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time and shall require all subconsultants and sub-subconsultants to comply with the same. Consultant certifies that it has not committed

a violation of any such law within the five (5) years immediately preceding the date of execution of this Agreement, and shall not violate any such law at any time during the term of the Agreement.

3.3.10.3 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.3.10.4 Air Quality. To the extent applicable, Consultant must fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the South Coast Air Quality Management District (SCAQMD) and/or California Air Resources Board (CARB). Consultant shall indemnify City against any fines or penalties imposed by SCAQMD, CARB, or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Consultant, its subconsultants, or others for whom Consultant is responsible under its indemnity obligations provided for in this Agreement.

3.3.10.5 Water Quality Management and Compliance. Consultant shall keep itself and all subcontractors, staff, and employees fully informed of and in compliance with all local, state and federal laws, rules and regulations that may impact, or be implicated by the performance of the Services including, without limitation, all applicable provisions of the City's ordinances regulating water quality and storm water; the Federal Water Pollution Control Act (33 U.S.C. § 1251, *et seq.*); the California Porter-Cologne Water Quality Control Act (Water Code § 13000 *et seq.*); and any and all regulations, policies, or permits issued pursuant to any such authority. Consultant must additionally comply with the lawful requirements of the City, and any other municipality, drainage district, or other local agency with jurisdiction over the location where the Services are to be conducted, regulating water quality and storm water discharges. City may seek damages from Consultant for delay in completing the Services caused by Consultant's failure to comply with the laws, regulations and policies described in this Section, or any other relevant water quality law, regulation, or policy.

3.3.10.6 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed.

3.3.11 Insurance.

3.3.11.1 Time for Compliance. Consultant shall not commence work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the City that the subconsultant has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the City to terminate this Agreement for cause.

3.3.11.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder, and without limiting the indemnity provisions of the Agreement, the Consultant, in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement the following policies of insurance. If the existing policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(A) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 00 01, or the exact equivalent, with limits of not less than \$1,000,000 per occurrence and no less than \$2,000,000 in the general aggregate. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions (1) limiting coverage for contractual liability; (2) excluding coverage for claims or suits by one insured against another (cross-liability); (3) products/completed operations liability; or (4) containing any other exclusion(s) contrary to the terms or purposes of this Agreement.

(B) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 00 01 covering "Any Auto" (Symbol 1), or the exact equivalent, covering bodily injury and property damage for all activities with limits of not less than \$1,000,000 combined limit for each occurrence.

(C) Workers' Compensation: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than \$1,000,000 per accident for bodily injury and disease.

(D) Professional Liability (Errors & Omissions): Professional Liability insurance or Errors & Omissions insurance appropriate to Consultant's profession with limits of not less than \$1,000,000. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.). If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least five (5) years from termination or expiration of this Agreement.

3.3.11.3 Insurance Endorsements. Required insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms approved by the City to add the following provisions to the insurance policies:

(A) Commercial General Liability: (1) Additional Insured: The City, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement. Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the terms or purposes of this Agreement. For all policies of Commercial General Liability insurance, Consultant shall provide endorsements in the form of ISO CG 20 10 10 01 and 20 37 10 01 (or endorsements providing the exact same coverage) to effectuate this requirement. (2) Cancellation: Required insurance policies shall not be canceled or the coverage

reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(B) Automobile Liability. (1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(C) Professional Liability (Errors & Omissions): (1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium. (2) Contractual Liability Exclusion Deleted: This insurance shall include contractual liability applicable to this Agreement. The policy must "pay on behalf of" the insured and include a provision establishing the insurer's duty to defend.

(D) Workers' Compensation: (1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium. (2) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the City, its officials, officers, employees, agents, and volunteers.

3.3.11.4 Primary and Non-Contributing Insurance. All policies of Commercial General Liability and Automobile Liability insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the City, its officials, officers, employees, agents, or volunteers shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

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

3.3.11.6 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be approved in writing by the City and shall protect the City, its officials, officers, employees, agents, and volunteers in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.3.11.7 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates on forms approved by the City, together with all endorsements affecting each policy. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that

such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.3.11.8 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to transact business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.3.11.9 Enforcement of Agreement Provisions (non estoppel). Consultant acknowledges and agrees that actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligation on the City nor does it waive any rights hereunder.

3.3.11.10 Requirements Not Limiting. Requirement of specific coverage or minimum limits contained in this Section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance.

3.3.11.11 Additional Insurance Provisions

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

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

(C) The City may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(D) Neither the City nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

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

(F) Consultant shall report to the City, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

3.3.11.12 Insurance for Subconsultants. Consultant shall include all subconsultants engaged in any work for Consultant relating to this Agreement as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the City, its officials, officers, employees, agents, and volunteers as additional insureds to the subconsultant's policies. All policies of Commercial General Liability insurance provided by Consultant's subconsultants performing work relating to this Agreement shall be endorsed to name the City, its officials, officers, employees, agents and volunteers as additional insureds using endorsement form ISO CG 20 38 04 13 or an endorsement providing equivalent coverage. Consultant shall not allow any subconsultant to commence work on any subcontract relating to this Agreement until it has received satisfactory evidence of subconsultant's compliance with all insurance requirements under this Agreement, to the extent applicable. The Consultant shall provide satisfactory evidence of compliance with this section upon request of the City.

3.4 Labor Code Requirements.

3.4.1 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. City shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. It is the intent of the parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Consultant shall therefore comply with such Labor Code sections to the fullest extent required by law. Consultant shall defend, indemnify and hold the City, its officials, officers, employees, agents, and volunteers free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.4.2 Registration/DIR Compliance. If the Services are being performed on a public works project of over \$25,000 when the project is for construction, alteration, demolition, installation, or repair work, or a public works project of over \$15,000 when the project is for maintenance work, in addition to the foregoing, then pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations ("DIR"). Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants.

3.4.3 Compliance Monitoring. This Project may also be subject to compliance monitoring and enforcement by the DIR. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll

records directly to the DIR. Any stop orders issued by the DIR against Consultant or any subconsultant that affect Consultant's performance of services, including any delay, shall be Consultant's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the City. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the DIR against Consultant or any subconsultant.

3.4.4 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5 Termination of Agreement.

3.5.1.1 Grounds for Termination. City may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those Services which have been adequately rendered to City, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause. The rights and remedies of the City provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law, equity or under this Agreement.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.6 Indemnification.

3.6.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses except such loss or damage caused by the sole negligence or willful misconduct of the City. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement and shall not be restricted to insurance proceeds, if any, received by Consultant, the City, its officials, officers, employees, agents, or

volunteers.

3.6.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.7 General Provisions.

3.7.1 Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.7.2 Independent Contractors and Subcontracting.

3.7.2.1 Use of Consultants. Consultant is aware of statutory and case law regarding classification of workers as independent contractors, including California Labor Code Section 2750.3 and Dynamex Operations West, Inc. v. Superior Court, 4 Cal. 5th 903 (2018). To ensure that Consultant is in compliance with the California Labor Code, Consultant shall only utilize its employees to provide the Services. Consultant may not provide the services through any independent contractor, subcontractor or subconsultant ("Subcontractor(s)") unless approved by the City as set forth in Section 3.7.2.2 below. Consultant represents and warrants that all personnel who perform the Services on Consultant's behalf are Consultant's employees, and that Consultant complies with all applicable laws, rules and regulations governing its employees, including, but not limited to, the California Labor Code, Unemployment Insurance Code and all applicable Industrial Welfare Commission Wage Orders.

3.7.2.2 Prior Approval Required. Consultant shall not use any Subcontractor to provide the Services, or any portion of the work required by this Agreement, without prior written approval of City. In the event that City authorizes Consultant to use a Subcontractor, Consultant shall enter into a written agreement with the Subcontractor, which must include all provisions of the Agreement, including a restriction on the Subcontractor's use of further independent contractors, subcontractors or subconsultants without the City's prior written consent.

3.7.3 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant:	NewGen Strategies and Solutions, LLC
	900 Bestgate Road, Suite 402
	Annapolis, MD 21401 ATTN: Eric Callocchia

City: City of Coachella
53462 Enterprise Way
Coachella, CA 92236
ATTN: Castulo Estrada

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.7.4 Ownership of Materials and Confidentiality.

3.7.4.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). All Documents & Data shall be and remain the property of City, and shall not be used in whole or in substantial part by Consultant on other projects without the City's express written permission. Within thirty (30) days following the completion, suspension, abandonment or termination of this Agreement, Consultant shall provide to City reproducible copies of all Documents & Data, in a form and amount required by City. City reserves the right to select the method of document reproduction and to establish where the reproduction will be accomplished. The reproduction expense shall be borne by City at the actual cost of duplication. In the event of a dispute regarding the amount of compensation to which the Consultant is entitled under the termination provisions of this Agreement, Consultant shall provide all Documents & Data to City upon payment of the undisputed amount. Consultant shall have no right to retain or fail to provide to City any such documents pending resolution of the dispute. In addition, Consultant shall retain copies of all Documents & Data on file for a minimum of fifteen (15) years following completion of the Project, and shall make copies available to City upon the payment of actual reasonable duplication costs. Before destroying the Documents & Data following this retention period, Consultant shall make a reasonable effort to notify City and provide City with the opportunity to obtain the documents.

3.7.4.2 Subconsultants. Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or its subconsultants, or those provided to Consultant by the City.

3.7.4.3 Right to Use. City shall not be limited in any way in its use or reuse of the Documents and Data or any part of them at any time for purposes of this Project or another project, provided that any such use not within the purposes intended by this Agreement or on a project other than this Project without employing the services of Consultant shall be at City's sole risk. If City uses or reuses the Documents & Data on any project other than this Project, it shall remove the Consultant's seal from the Documents & Data and indemnify and hold harmless Consultant and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. Consultant shall be

responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to the City upon completion, suspension, abandonment or termination. Consultant shall not be responsible or liable for any revisions to the Documents & Data made by any party other than Consultant, a party for whom the Consultant is legally responsible or liable, or anyone approved by the Consultant.

3.7.4.4 Indemnification. Consultant shall defend, indemnify and hold the City, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by City of the Documents & Data, including any method, process, product, or concept specified or depicted.

3.7.4.5 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.7.4.6 Confidential Information. The City shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the City's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the City shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the release notice to give City written notice of Consultant's objection to the City's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the City, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. City shall not release the Proprietary Information after receipt of an objection notice unless either: (1) Consultant fails to fully indemnify, defend (with City's choice of legal counsel), and hold City harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that City release such information.

3.7.5 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.7.6 Entire Agreement. This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

3.7.7 Attorneys' Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all costs of such action.

3.7.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the City. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against the City.

3.7.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.7.10 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.7.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.7.12 Assignment or Transfer. Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the City, which may be withheld for any reason. Any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination. Consultant shall not subcontract any portion of the Services required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

3.7.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.7.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.7.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit,

privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.7.16 No Third-Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.7.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

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

3.7.19 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.7.20 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.7.21 Survival. All rights and obligations hereunder that by their nature are to continue after any expiration or termination of this Agreement, including, but not limited to, the indemnification obligations, shall survive any such expiration or termination.

3.8 Federal Provisions. With respect to any conflict between such Federal Requirements and the terms of this Agreement and/or the provisions of state law, the more stringent requirement shall control.

[SIGNATURES ON NEXT PAGE]

**SIGNATURE PAGE TO PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF COACHELLA AND
NewGen Strategies and Solutions, LLC**

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on the day and year first above written.

CITY OF COACHELLA

NewGen Strategies and Solutions, LLC

Approved By:

Gabriel D. Martin
City Manager

Approved as to Form:

Best Best & Krieger LLP
City Attorney

Attested By:

City Clerk

By: _____

Its: Project Principal

Printed Name: Eric Callocchia

By: _____

Its: _____

Printed Name: _____

EXHIBIT "A"

SCOPE OF SERVICES

I. SCOPE OF SERVICES

The consultant shall develop a proposal based on the items listed below. The list should not be viewed as all-inclusive as some steps might be missing and should be added to show completeness of the proposal.

A. COMPREHENSIVE USER WATER AND WASTEWATER RATE STUDY

Project tasks shall include, but are not necessarily limited to, the items noted below.

Task 1-Initial Meetings and Data Collection

This task will involve collecting and reviewing basic data to be provided by the City of Coachella, reports by others, historical and current financial information, operating and capital budgets. When possible, financial data will be collected in electronic form to avoid duplication of effort with regard to data entry and to ensure data accuracy. It is critical to ensure that available data supports costs allocations in light of California's Proposition 218. Specific activities will include:

- **Data Request.** Consultant will furnish the City of Coachella with a list of basic data needed to conduct the study. The list may include additional details regarding: customer information, financial and operating data, historical customer account and billing records, reports by others, audits, projected operating and capital budgets, detailed fixed asset records and relevant ordinances.
- **Data Compilation.** The domestic water rate study is reliant on the condition of the present domestic water billing data. The City will furnish the Consultant data tables. Consultant will be responsible for:
 - Reconciling billing data provided
 - Identifying missing account information from the list of Master Meter accounts by separating Master Meter transactions and identify the appropriate codes with the Master Meter account table. This includes locating accounts that may only be identified through sub-accounts and sub-sub-account, which is not a standard practice. This creates a "grandparent", "parent", "child" relationship, resulting in an unusable web of data when exported.
 - Removing inactive data from accounts that are grouped into master accounts.
 - Cleaning up of unexplained extra transactions in the provided tables
- **Project Planning.** During the project kick-off meeting, a discussion of current operations, maintenance, capital planning, financing, cost allocation and rate making policies, goals and scheduling will be conducted to provide reasonable assurance that work efforts and recommendations recognize

and are consistent with established short and long-term City of Coachella objectives. Potential problem areas, vital issues of concern, data summary efforts by available City of Coachella staff and other relevant matters will also be discussed.

- **Review and Evaluation of Basic Data.** Consultant will review all data received to confirm its completeness and Consultant's understanding of historical domestic water and wastewater operations and requirements reflected therein.
- **Supplemental Data Requests.** As the study progresses and after initial data is evaluated, Consultant will submit requests for additional data and clarifications of initial data received, as necessary.

Task 2-Projection of Revenues Under Existing Rates

This task will include a detailed analysis of historical customers served by class along with available customer projections provided by the City of Coachella to develop customer and billed volume projections for the five-year study period covering fiscal years 2026 through 2031. The results of this analysis will provide a sound basis for estimating future revenue levels under existing and proposed rates and provide a basis for estimating certain operating expenses such as power and chemicals that vary with billed volumes. Specific activities will include:

- **Customer Account and Volume Projections.** Consultant will project the number of domestic water and wastewater customers and billable volumes for the five-year study period by considering historical population and customer growth trends, growth projections provided by City of Coachella, major local economic events, changes in customer class usage patterns over time and other knowledge provided by City of Coachella staff. The analysis will examine five years of historical data, as available. Volume projections will recognize the projected number of domestic water customers by customer class and a billable volume per account analysis to normalize the historic effects of weather, account growth spurts and increased or decreased usage by existing customers. The Consultant will review and incorporate population and flow projections as modeled in the Sanitation Master Plan and Draft Indio Subbasin Alternative Plan Update for 2022.
- **Projection of Revenues Under Existing Rates.** Projections of domestic water and wastewater revenue under existing rates will be developed, recognizing projected accounts, billed volumes and other billable units applied to the existing rate structure.
- **Project Other Income.** Interest income and revenue from other domestic water sources will be reviewed and projections made.

Task 3-Development of Revenue Requirements and Cash Flow Analyses

The development of revenue requirements for domestic water and wastewater will be based on an examination of historical financial reports and current operating budgets. By combining the revenue and revenue requirements projections, cash flow analyses of domestic water and wastewater operating and capital financing needs will be developed. Detailed analyses will provide an indication of the magnitude of overall adjustments in respective annual revenue levels needed to meet the projected revenue requirements.

- **Project Operation and Maintenance Expense.** Consultant will project operation and maintenance expense based on a review of historical financial records and trends, and available budget estimates of future domestic water and wastewater operation and maintenance expense. Projections will recognize estimated increases in the number of customers served, as well as the potential effects of continued inflation in cost levels, the addition of new system facilities, anticipated changes in operation and staffing and other factors which may influence future expense levels.
- **Routine Capital Expenditures.** Based on analyses of historical and budget data, available domestic water assessments of future needs and discussions with City of Coachella staff, Consultant will forecast the requirement for capital outlays which tend to recur on an annual basis. Such expenditures consist of the normal and ongoing replacement of worn out or obsolete equipment. Current year requirements are typically financed directly from the domestic water and wastewater operating revenues and grants.
- **Major Capital Improvement Program Financing Plan.** Consultants will develop financing plans for planned major domestic water and wastewater capital improvement programs based on available schedules of project dates and estimated costs provided by the City of Coachella. Depending upon the magnitude of the major capital improvement program, additional debt financing may be indicated during the study period to augment funds generated by water and wastewater charges and developer fees. The recommended financing strategy of the major capital improvement program will be based on consideration of available funding, existing revenue, bond ordinance covenants and other requirements, impact on domestic water and wastewater rate levels and City of Coachella policy. The relative benefits of various combinations of cash versus debt financing, and alternative debt terms and maturity schedules will be examined. The financing plan selected and approved by the City of Coachella will be used as the basis for the conducting of Task 4 through 9.
- **Debt Service Expense.** Projections of principal and interest payments on any outstanding debt obligations and any projected future bonds for major capital improvements will be developed for the forecast study period. The debt service on future bonds and bond sizing will consider the amount of bond proceeds required for construction, issuance costs and compliance with any reserve requirements of the authorizing resolution.

- **Reserve Funding.** Existing reserve fund requirements and balances will be reviewed for adequacy. Applicable bond ordinance requirements will be reviewed along with any relevant City of Coachella policies. Consultant will recommend adequate reserve levels based on our review of both reserve funding requirements and industry standards.
- **Projected Revenue Adjustment Needs.** Consultant will prepare cash flow analyses summarizing the above projections of revenues and revenue requirements to determine the adequacy of revenues under existing rate levels to meet operating and capital needs for the study period. Forecasted revenues will include revenue under existing rates for domestic water service, funds generated from miscellaneous fees, other operating income and interest income. Revenue requirements will include operation and maintenance expense, routine capital expenditures, the revenue financed portion of major capital improvements, debt service on any required additional bonds, revenue bond covenant coverage, reserve funding requirements and any other anticipated obligations, as applicable.

Based on the overall level of projected revenues and revenue requirements, Consultant will establish the adequacy of revenues and the indicated time of need and magnitude of revenue adjustments projected to be required.

- **Preparation of Alternatives for Review by the Client.** A minimum of four financing plan alternatives will be developed and presented to City of Coachella staff for their review and comments prior to the conduct of Task 4 through 9. These alternatives will recognize major capital program and the other revenue requirements established above, and consider modifications designed to phase-in or otherwise minimize the impact of revenue increases on customers. At this time, major capital improvement program scheduling adjustments may be made so that projected rate increases for the finalized plan are at levels acceptable to the client.
- **Test Year Cost of Service.** A test year representative of future conditions during the study period will be selected to perform subsequent rate design tasks. It is presently anticipated that the test year for report purposes will be fiscal year 2024. Additional test years will be used to design annual rates throughout the remaining five-year study period. The overall cost of service to be recovered will be equal to revenue under existing rates plus the recommended overall revenue increase(s).

Task 4-Evaluation of Customer Classes

Test year costs of service will be allocated to groups of customers with similar service

requirements. Customers are typically grouped by class. Classes include residential, commercial, landscape irrigation and others that typically have different service requirements. Consultant will:

- **Review Customer Classes.** Review the existing domestic water and wastewater customer class designations to determine appropriateness and equitability and recommend to CWA and CSD any revised and/or new customer class designations, as needed.
- **Determine Customer Class Characteristics.** Determine appropriate usage and billing characteristics for each customer class, based on available information. Estimates of customer class characteristics will be based on billing data, system operating statistics, ownership status (inside versus outside city customers), availability of service, other available information, and Consultant judgment and experience.

Task 5-Cost Of Service Allocations

The cost of service to be recovered from water and wastewater service revenues is equal to operation and maintenance expense, plus all capital related costs, less revenues from other sources. Costs of service will be apportioned among domestic water and wastewater customers, that is, in terms of operating expenses, depreciation expense and return on investment. For a municipal utility, the cumulative total of depreciation expense and return is equal to the capital cost portion of total cost of service.

Test year costs of service or revenue requirements to be met from domestic water and wastewater service rates will be first allocated to functional cost components to provide a basis for subsequent allocations to customer classes, which will recognize estimates of each class's service requirements. Allocations will reflect cost-causative concepts in accordance with generally accepted utility practices. For domestic water, these concepts are generally consistent with the widely accepted methodology outlined in the American Water Works Association Manual of Practice M1, titled Principles of Water Rates, Fees, and Charges. For wastewater utility these concepts are generally consistent with accepted procedures described in the Water Environment Federation's manual on Financing and Charges for Wastewater Systems. Class allocations will be compared to estimates of corresponding class revenues under existing rates to identify relative adjustments by class, and in total for the domestic water and wastewater system, to align revenues with allocated costs. Allocations will recognize generally accepted utility industry standards and procedures, based on available data.

- **Capital Cost Allocations.** For capital cost allocation purposes, Consultant will establish estimates of projected test year depreciation expense and plant asset values for rate base. These analyses will be based on schedules of depreciation

rates and suitably detailed asset value information to be provided by the Consultant and/or City of Coachella.

- **Functional Cost Allocations.** Consultant will allocate test year costs of service to various cost components which constitute functional classifications of the domestic water and wastewater service provided. The development of domestic water functional cost allocations will recognize base or volume related costs, maximum day and hour extra capacity, fire protection costs and customer costs. The development of wastewater functional cost allocations will recognize cost-causative factors including wastewater contributed flow, infiltration/inflow, capacity, wastewater strength and customer related service requirements for each customer class.
- **Development of Customer Class Units of Service.** Consultant will estimate customer class service characteristics associated with each of the functional cost elements recognizing the historic usage patterns, applicable data available, engineering judgment regarding customer class service characteristics, and experience with other domestic water utility operations possessing similar usage characteristics and patterns. The relative service characteristics of inside city and outside city, customer class groups, and other large groups if any, will be recognized, as applicable.
- **Allocation of Costs to Customer Classes.** Consultant will distribute costs by functional component to customer classes using applicable unit costs of service and class units of service to determine each class's proportional responsibility for total system costs. The relative responsibility of each class of domestic water and wastewater customers will be specifically determined based on each class's or user's estimated service requirements.
- **Determination of Revenue Adequacy.** Consultant will prepare a comparison of class revenues under existing domestic water and wastewater rates with allocated class costs of service to determine the level of cost recovery by class and in total; and to indicate any needed revenue adjustments to align customer class revenues and allocated costs.

Task 6-Design of Rates and Charges

The existing domestic water and wastewater rate structures will be evaluated for their effectiveness in equitably recovering total revenues from customers served. Revisions to the existing rate structure to recover total revenues and allocated costs by class, will be reviewed and evaluated for use by CWA in meeting domestic water and wastewater service policies, pricing objectives, cost of service recovery, compliance with California Assembly Bill 2882 and practical limitations. Specific activities will include:

- **Existing Rate Structure Evaluation.** Consultant will review the advantages and disadvantages of the existing domestic water and wastewater rate formats.
- **Existing Tier Structure Evaluation.** Consultant will review the advantages and disadvantages of the existing water tier structure. Consultant will develop and propose new tier structure.
- **Proposed Rates.** Based on the evaluation of existing domestic water rate structures, Consultant will develop and propose schedules of domestic water and wastewater rates, high wastewater strength surcharges and liquid waste hauler rate that recognize the following:
 1. Recovery of total revenues needed for domestic water and wastewater enterprise operations
 2. Domestic water and wastewater service policies, including consideration of conservation-based domestic water charges
 3. Recognition of allocated costs of service and proportional cost recovery by customer class
 4. Recognition that rates do not exceed the proportional cost of service attributable to individual parcels
 5. Recognition of potential additional domestic water and wastewater costs to serve distant customers
 6. Equitable recovery of costs for each class of service
 7. Practical considerations and needs

Specific consideration will be given to establishing charges that meet City of Coachella's policies and practical objectives regarding domestic water and wastewater service. The rate schedules will be designed to recover projected revenue requirements for the five-year study period.

- **Proposed Rate Revenue Adequacy.** Consultant will compare revenues expected from each customer class under proposed domestic water and wastewater rates to examine the adequacy of cost recovery by individual customer classes and for the domestic water and wastewater system in general.
- **Typical Bill Comparison.** Consultant will prepare comparisons of typical bills under existing and proposed rates for each customer class under various levels of domestic water usage and meter sizes and wastewater volume.

Task 7-Financial Planning & Rate Design Computer Model

Consultant will develop spreadsheet analyses that model established financial planning, cost of service and rate design procedures. These analyses will be part of a user-friendly personal computer-based financial planning and rate design model that will enable City of Coachella staff to periodically revise and update the studies and projections of revenue and revenue requirements, financial plans, cost of service analyses and design of adequate rates on a routine basis. The model can be used to calculate annual rate adjustments or to conduct "what-if" analyses, reflecting the impact of changes in significant system variables such as customer growth and volume projections, revised budgeted revenues and expenditures, allowances for inflation, capital improvement program schedules and City of Coachella policy decisions.

The model will be developed using Microsoft Excel 2010 or newer spreadsheet software. The model's framework will be specifically tailored and designed to recognize domestic waters and wastewater unique needs, characteristics and information base. The model will incorporate required features necessary to permit "in-house" application by City of Coachella staff. The basic financial planning and rate model development task will include the following:

- **Rate Model Development.** Develop a computer model concurrently with the development of the rate study tasks identified above. The financial planning and rate model will include the following features:
 1. Specifically tailored and designed to recognize the utilities' unique needs, characteristics and information base, including compatibility with the City of Coachella's budgetary and accounting systems
 2. Flexible capital improvement program scheduling allowing for changes in costs, sources of funds, timing and allowances for inflation
 3. Ability to develop financial plan cash flow alternatives for changes in customer, volume, and revenue projections; budgetary revisions; variations in timing and amounts of revenue increases; debt service structuring and different capital improvement program scenarios; and changes in other parameters
 4. Ability to assess impact on cost-of-service allocations to user classes and domestic water and wastewater rates of alternative management decisions
 5. Capability to independently design and develop domestic water and wastewater rates and charges on an annual basis, thus permitting staff to examine the phase-in needed for rate adjustments over a period of time
 6. The model tests revenue generation by class and in total for proposed rates and indicates impacts on customers served through a typical monthly bill analysis

7. Automated ability to change study periods and retain relative information so that it can conveniently be used on an annual basis by City of Coachella staff
 8. Extensive model documentation including pop-up user instructions, text formula calculation references with updatable page number notations, hyperlink references to supporting ranges (similar to Internet web page navigation) and page referenced ranges designed to be incorporated into a calculation manual
 9. Incorporation of user-friendly features, including fully automated pre-programmed print and navigation menus, customized icons for specific model functions and other features; In addition, a separate procedures manual describing all available user-friendly features will also be prepared.
 10. Capability of producing a wide variety of attractive and informative management reports with the click of a button; as well the ability to easily add new report tables to the print menu without any programming knowledge
 11. Incorporation of advanced programming features to automate basic procedures such as initializing the rate model for a new budget year, printing, transferring data files into the rate model, setting-up screens for cash flow or other analyses and navigating throughout the rate model
- **Conduct Training Session.** A one-day training session for City of Coachella staff in the use of the model will be conducted at the City of Coachella's offices. It is anticipated for this proposal that the training session will take place the day before or the day after the final presentation meeting.
 - **User Manual.** A user manual documenting all of the computer model's features and pop-up user instructions will be prepared and presented to the City of Coachella during the training session.

Task 8-Deliverables

Consultant will provide the following reports and other deliverables during the course of the project:

- **Draft Report.** Consultant will prepare preliminary report text and tables covering the selected financial plan, cost of service allocations and rate design for review by the City of Coachella. Four (4) copies of the draft report will be submitted to the City of Coachella for review and comment.

- **Final Report.** Based on review comments of the draft report, a final report will be prepared. Four (4) bound copies of the report and one electronic copy of the report in the popular portable document format (PDF) will be delivered to the City of Coachella.
- **Calculation Book.** A book of all calculations supporting the proposed rates and report will be delivered as part of the computer model training session.
- **Computer Model.** A compact disk (CD) or thumb drive, containing the computer model and PDF version of the report, will be delivered to the City of Coachella and used to install the model on the Client's designated computers. This model will utilize the proprietary add-in developed by the Consultant, which provides user-friendly features to all of the Consultant's models that are designed to be used by City of Coachella staff.
- **User Manual.** Consultant will provide two copies of a user manual documenting all of the computer model's features and pop-up user instructions

Task 9-Meetings and Presentations

Consultant will also attend meetings as requested by the City of Coachella. A total of up to seven actual or on- line virtual meetings are proposed and provided for under this task. A minimum of four of these meetings will be in person. These will be scheduled at significant stages of the study to receive project direction, review study progress, present report findings and recommendations, as described below. Consultant should budget in addition to the meeting schedule below, a minimum of 20 hours to have online virtual meetings directly with staff for progress updates and address any questions/concerns. Meeting should be no longer than an hour, twice a month. To facilitate efficient use of project resources, meetings can be scheduled to address the domestic water and wastewater cost of service studies at the same time.

- **Meeting 1.** Consultant will meet with City of Coachella to discuss rate design issues and obtain overall policy guidance for the study. The meeting will also discuss project requirements, alternatives, strategy, rate design philosophy, and review available basic data collected by the staff prior to the meeting, as provided for in Task 1. Consultant will also provide direction, as required, for data summary by City of Coachella staff.
- **Meeting 2.** A virtual on-line or in-person meeting using interactive web-based software will be scheduled near the 25% completion stage of the study to review study progress, interim study findings and to receive direction for the completion of the study.
- **Meeting 3.** A virtual on-line or in-person meeting using interactive web-based software will be scheduled near the midpoint of the study to review study progress, interim study findings and to receive direction for the completion of the study.

- **Meeting 4.** A virtual on-line or in-person meeting will be scheduled after the City of Coachella has received the draft report to discuss City of Coachella staff comments and potential revisions to be considered for the final report.
- **Meeting 5.** Final draft study findings will be presented to City of Coachella at a meeting with the City of Coachella Council members at a Council Study Session.
- **Meeting 6.** Review final report of draft study findings will be presented to City of Coachella at a City of Coachella Council meeting.
- **Meeting 7.** To be determined based on study

Task 10-Additional Rate Study Services

The consultant selected will need to work with our attorney and our Communications Department to support the City of Coachella with public outreach and at the public hearing on Proposition 218. In addition, if requested by the Client, other services in addition to those set forth above will be performed. Such services may include: additional domestic water and wastewater financial plans that would allow for changes in operating and capital budget projections; meetings, hearings, presentations, or reports in addition to those provided for under Tasks 1 through 9; revisions or updating of the domestic water and wastewater cash flow analyses, cost allocations and rate design to recognize post-Task 3 changes in operating expense, capital program requirements, debt service schedules, bond sale dates, budgets, staffing levels, customer service requirements, changes in the replenishment charges, organizational or other changes that may impact the findings of the preceding tasks; the preparation or presentation of special exhibits or expert testimony; and other related studies and services.

EXHIBIT "B" SCHEDULE OF SERVICES

Task #	Task	2025												2026				
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5
Task 1	Initial Meeting And Data Collection	■	■	■														
Task 2	Projection Of Revenues Under Existing Rates		■	■	■													
Task 3	Development Of Revenue Requirements And Cash Flow Analyses		■	■	■													
Task 4	Evaluation Of Customer Classes			■	■													
Task 5	Cost Of Service Allocations				■	■												
Task 6	Design Rates And Charges				■	■	■											
Task 7	Financial Planning And Rate Design Computer Model	■	■	■	■	■	■											
Task 8	Deliverables								A	B		C		D				
Task 9	Meetings And Presentations	1	2				3				4		5		6			
Task 10	Additional Rate Study Services																	PH

Deliverables:

- A - Calculation Book, Computer Model, and User Manual
- B - Draft Report
- C - Revised Draft Report
- D - Final Draft Report

Meetings:

- 1 - Kickoff Meeting
- 2 - 25% Complete (Staff)
- 3 - 50% Complete (Staff)
- 4 - Draft Report (Staff)
- 5 - Draft Report (Council)
- 6 - Final Draft Report (Council)
- PH - Proposition 218 Public Hearing

The above schedule includes several key assumptions:

1. Notice to proceed on or before January 1, 2025.
2. Approval of Proposition 218 notice in January 2026.
3. Mailing of Proposition 218 notices in February 2026, beginning the required 45-day notice period.
4. Proposition 218 required Public Hearing in April 2026, at which rates are adopted.
5. Study recommended FY 2027 rates effective July 1, 2026.

EXHIBIT "C" COMPENSATION

Exhibit 17. Comprehensive Water Rate Study Budget

Comprehensive Water Rate Study		Callocchia	Campbell	Wright	Carnes	Oates	Robinson	Admin	Hours	Professional Fees	Out-of-Pocket Expenses	Total
Task		\$300	\$365	\$250	\$200	\$190	\$170	\$140				
Task 1	Initial Meeting And Data Collection	8	8	4	8	4	4	-	36	\$ 9,360	\$ 2,250	\$ 11,610
Task 2	Projection Of Revenues Under Existing Rates	4	2	-	4	12	12	-	34	\$ 7,050	\$ -	\$ 7,050
Task 3	Development Of Revenue Requirements And Cash Flow Analyses	6	3	18	6	18	18	-	69	\$ 15,075	\$ -	\$ 15,075
Task 4	Evaluation Of Customer Classes	4	2	-	4	6	6	-	22	\$ 4,890	\$ -	\$ 4,890
Task 5	Cost Of Service Allocations	6	3	-	6	18	12	-	45	\$ 9,555	\$ -	\$ 9,555
Task 6	Design Rates And Charges	6	3	-	6	12	12	-	39	\$ 8,415	\$ -	\$ 8,415
Task 7	Financial Planning And Rate Design Computer Model	4	2	8	6	12	12	-	44	\$ 9,450	\$ -	\$ 9,450
Task 8	Deliverables	12	12	6	12	18	18	9	87	\$ 19,620	\$ -	\$ 19,620
Task 9	Meetings And Presentations	12	4	6	12	12	12	6	64	\$ 14,120	\$ 3,750	\$ 17,870
Task 10	Additional Rate Study Services	8	2	2	6	6	6	6	36	\$ 7,830	\$ 2,250	\$ 10,080
Labor Hours		120	68	72	120	192	184	36	476			
Subtotal										\$ 105,365	\$ 8,250	
Total Not-To-Exceed Cost												\$ 113,615

Out of pocket expenses assume total costs of \$1,500 per person per trip and eleven person-trips, assigned 50/50 to the water and sewer studies:

- Task 9, Meeting 1: Kickoff meeting with three key NewGen personnel (Callocchia, Campbell, Carnes).
- Task 9, Meeting 3: Key NewGen personnel (Callocchia, Campbell, Carnes) will discuss the study's 50% completion milestone.
- Task 9, Meeting 5: A meeting with City Council at which Mr. Callocchia will discuss the study's draft report.
- Task 9, Meeting 6: A meeting with City Council at which Mr. Callocchia will discuss the study's final report.
- An additional in-person meeting with key NewGen personnel (Callocchia, Campbell, Carnes) assumed as a part of Task 10, Additional Services.

Exhibit 18. Comprehensive Sewer Rate Study Budget

Comprehensive Sewer Rate Study		Callocchia	Campbell	Wright	Carnes	Oates	Robinson	Admin	Hours	Professional Fees	Out-of-Pocket Expenses	Total
Task		\$300	\$365	\$250	\$200	\$190	\$170	\$140				
Task 1	Initial Meeting And Data Collection	8	8	4	8	4	4	-	36	\$ 9,360	\$ 2,250	\$ 11,610
Task 2	Projection Of Revenues Under Existing Rates	4	2	-	4	12	12	-	34	\$ 7,050	\$ -	\$ 7,050
Task 3	Development Of Revenue Requirements And Cash Flow Analyses	2	1	6	2	6	6	-	69	\$ 5,025	\$ -	\$ 5,025
Task 4	Evaluation Of Customer Classes	4	2	-	4	6	6	-	22	\$ 4,890	\$ -	\$ 4,890
Task 5	Cost Of Service Allocations	2	1	-	2	6	4	-	45	\$ 3,185	\$ -	\$ 3,185
Task 6	Design Rates And Charges	2	1	-	2	4	4	-	39	\$ 2,805	\$ -	\$ 2,805
Task 7	Financial Planning And Rate Design Computer Model	4	2	8	6	12	12	-	44	\$ 9,450	\$ -	\$ 9,450
Task 8	Deliverables	4	4	2	4	6	6	3	87	\$ 6,540	\$ -	\$ 6,540
Task 9	Meetings And Presentations	12	4	6	12	12	12	6	64	\$ 14,120	\$ 3,750	\$ 17,870
Task 10	Additional Rate Study Services	8	2	2	6	6	6	6	36	\$ 7,830	\$ 2,250	\$ 10,080
Labor Hours		120	68	72	120	192	184	36	476			
Subtotal										\$ 70,255	\$ 8,250	
Total Not-To-Exceed Cost												\$ 78,505

Out of pocket expenses assume total costs of \$1,500 per person per trip and eleven person-trips, assigned 50/50 to the water and sewer studies:

- Task 9, Meeting 1: Kickoff meeting with three key NewGen personnel (Callocchia, Campbell, Carnes).
- Task 9, Meeting 3: Key NewGen personnel (Callocchia, Campbell, Carnes) will discuss the study's 50% completion milestone.
- Task 9, Meeting 5: A meeting with City Council at which Mr. Callocchia will discuss the study's draft report.
- Task 9, Meeting 6: A meeting with City Council at which Mr. Callocchia will discuss the study's final report.
- An additional in-person meeting with key NewGen personnel (Callocchia, Campbell, Carnes) assumed as a part of Task 10, Additional Services.