



**West Basin Municipal Water District**  
17140 South Avalon Boulevard • Carson, CA 90746-1296  
Telephone 310-217-2411

# **ADDENDUM NO. 2**

*As of 11/28/2022*



West Basin Municipal Water District  
17140 South Avalon Boulevard • Carson, CA 90746-1296  
Telephone 310-217-2411

## **COST OF SERVICE AND RATES AND CHARGES POLICY DEVELOPMENT**

**RFP NO. T9116**

**WEST BASIN MUNICIPAL WATER DISTRICT**

**ADDENDUM NO. 2**

The RFP for the above referenced project is hereby amended as follows:

1. Correction to RFP: Section X. SELECTION PROCESS

The first paragraph of Section X. Selection Process shall be replaced in its entirety with the following:

“A selection panel comprised of West Basin staff (and possibly an outside panelist) will review the proposals and consider the following factors to select the most qualified Respondent:”

Proposals will be reviewed by staff and may include an outside panelist; there will be no Board Ad Hoc.

2. Correction to Exhibit A – Scope of Work, Minimum Qualifications

Scope of Work, Minimum Qualification Requirement No. 2 shall be replaced in its entirety with the following.

“2. The firm should demonstrate its experience applying relevant laws and regulations (such as California Water Code and Proposition 26) to the services being proposed within the last 3 years.”



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3. The following information is provided by the Project Manager in response to questions received pertaining to this solicitation. The request (Qx) will be presented followed by the response (Ax):

(Q3) The RFP states, "On an annual basis, the Board of Directors adopts a resolution to establish rates and charges for the fiscal year." Is it correct to interpret this to mean that proposed rates and charges developed in this study must be effective on July 1, 2023?

(A3) Yes, the goal is to have information for the 2023-2024 Fiscal Year.

(Q4) How many Board workshops and other public meetings should be included in the scope and fee estimate?

(A4) Please refer to the sub-tasks under Task 3 to assess your firm's approach on the minimum number of workshops to ensure a comprehensive understanding and engagement by the board and public.

(Q5) Who performed the last rates and charges study and is the final report of that study available?

(A5) There has been no report in the last five years.

(Q6) We do not have audited financial statements and we do not usually submit our balance sheets or income statements to clients. If the District requires financial statements, is it willing to accept a statement from our bank, accountant, or other financial advisor in lieu of said financial documents?

(A6) Yes

(A7) Sample Agreement Section 9 Indemnification: HF&H proposes to amend this section to include language that it only pertains to negligence by the Consultant.

(A8) The District will not consider changes to the Sample Agreement.

*Joanna Garcia-Singleton*

11/28/2022

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Joanna Garcia-Singleton  
Contracts Administrator  
West Basin Municipal Water District

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Date:



**West Basin Municipal Water District**  
17140 South Avalon Boulevard • Carson, CA 90746-1296  
Telephone 310-217-2411

# **ADDENDUM NO. 1**

As of 11/17/2022



West Basin Municipal Water District  
17140 South Avalon Boulevard • Carson, CA 90746-1296  
Telephone 310-217-2411

## **COST OF SERVICE AND RATES AND CHARGES POLICY DEVELOPMENT**

**RFP NO. T9116**

**WEST BASIN MUNICIPAL WATER DISTRICT**

**ADDENDUM NO. 1**

The RFP for the above referenced project is hereby amended as follows:

1. The Proposal Due Date is extended to **December 15, 2022 at 2:00 PM**.  
Candidate Interviews/ Presentation will be held on **January 3, 2023**.  
Recommendation to the Board of Directors will be on **January 23, 2023**.
2. The following information is provided by the Project Manager in response to questions received pertaining to this solicitation. The request (Qx) will be presented followed by the response (Ax):

**(Q1)** We will not be able to submit by the December 1, 2022 submittal deadline due to staff not being available in part due to the Thanksgiving Holiday. We respectfully request an extension of the deadline to December 15, 2022. We appreciate your understanding. Thank you.

**(A1)** The district will extend the proposal due date is as follows. Proposals due December 15, 2022. Candidate interviews/presentations January 3, 2023. Recommendation to the Board of Directors January 23, 2023.

**(Q2)** MINIMUM QUALIFICATIONS The firm shall have at least five years of experience providing the desired services for special districts, municipalities or other local public agencies.  
Our company has the five years of experience providing the requested services with California Investor Owned Utilities such as California Water Services, California American Water, and Golden State Water.  
Does this meet your minimum qualifications requirement?



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**(A2)** The district will also accept firms who have experience with investor owned utilities.

*Joanna Garcia-Singleton*

11/17/2022

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Joanna Garcia-Singleton  
Contracts Administrator  
West Basin Municipal Water District

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Date:



## REQUEST FOR PROPOSAL

To Provide

*Cost of Service and Rates and Charges Policy Development*

### **Proposals Due**

December 15, 2022  
2:00 PM

### **Issued by**

WEST BASIN MUNICIPAL WATER DISTRICT  
17140 S. Avalon Boulevard, Suite 210  
Carson, California 90746

### **Issue Date**

October 28, 2022

### *Disclaimer:*

*Please note that the District reserves the right to post any addendums to the Request for Proposals on the District's website: [westbasin.org](http://westbasin.org). All proposers who obtain the solicitation through the District's website are responsible for regularly reviewing the District's website for any addendums. The District disclaims any responsibility for a proposer's failure to meet the requirements contained in any addendum the District posts to its website*

## **I. REQUEST FOR PROPOSALS**

The West Basin Municipal Water District (West Basin or District) has issued a Request for Proposals (RFP) and invites qualified vendors with qualifications and experience representing public agencies to submit proposals for Cost of Service and Rates and Charges Policy Development.

## **II. INTRODUCTION**

West Basin is a public agency that provides imported drinking water and recycled water to a population of nearly one million people residing within its service area in the coastal plain of Los Angeles County that includes 17 cities and unincorporated communities of the County. West Basin's mission is to provide a safe and reliable supply of high-quality water to its customers and communities with a commitment to water reliability, water quality, sound financial and resource management, customer service and environmental stewardship. West Basin is an internationally recognized expert in water recycling, water conservation, water education and water resource management.

West Basin is governed by a five-member Board of Directors who each are elected by the public to represent their respective Divisions for a four-year term. The Board provides direction to the General Manager to act on the District's behalf as its representative to carryout Board policies and directives; provide leadership and management for District operations and approximately 50 District employees; and execute contracts for a wide range of services, including professional services, construction services, operations and maintenance, and various other support services.

### **Background**

As West Basin looks towards improving its methodology for cost of service allocation and determination of rates and charges, the importance of understanding District operations and activities is essential to providing increased transparency and fiscal sustainability, maintaining customer support, and ensuring enacted rate structures are adaptable to changing conditions and regulations.

The intentions for the services to be provided under this RFP is to formulate a rate setting policy for consideration and adoption by the Board of Directors that is supported by documented use of best practices and enabled by software tools and training that ensures process consistency, knowledge retention, and transferability to future District personnel.

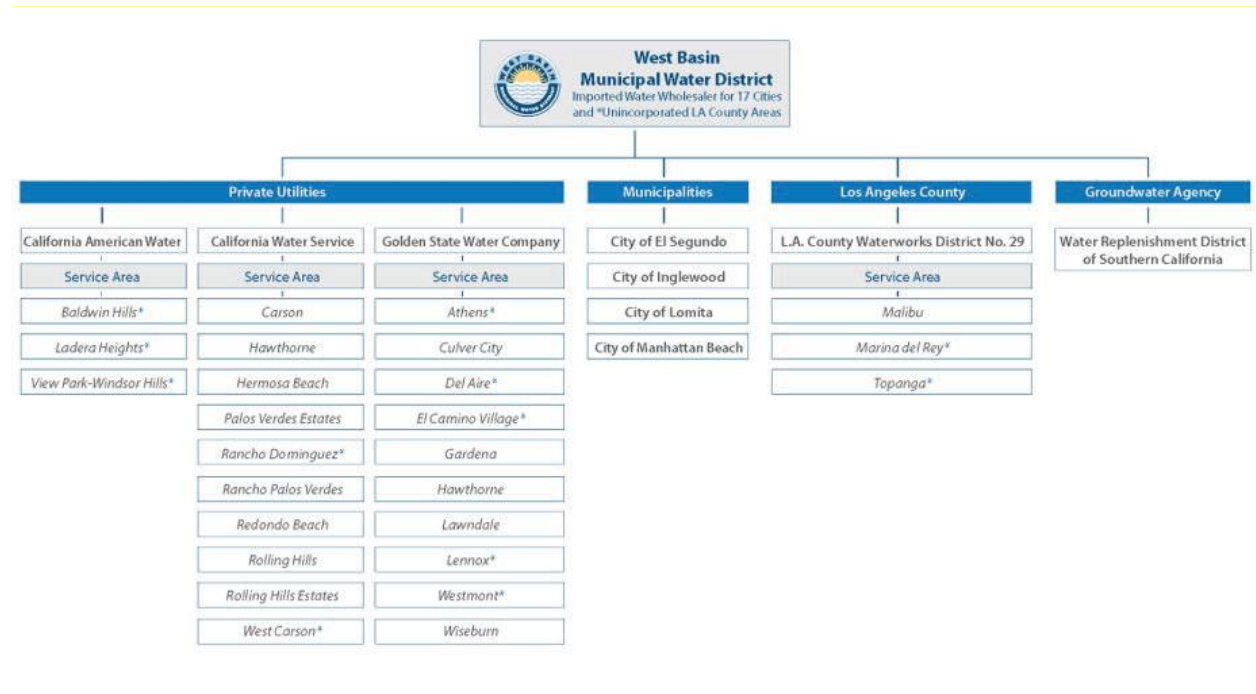
### **Imported Water Supply**

West Basin is a member agency of the Metropolitan Water District of Southern California (Metropolitan), a voluntary cooperative of 26 member cities and water agencies. West Basin Board appoints two Directors to represent the District on the Metropolitan Board of Directors, and one West Basin Director currently serves as



Chairwoman of the Metropolitan Board. West Basin purchases imported water from Metropolitan and wholesales to municipal and privately-held retail water agencies within the West Basin service area. Metropolitan delivers the purchased water directly to West Basin’s retail water agencies via service connections it has with each agency.

Chart provided below illustrates municipal and private water agencies within the West Basin service area and the communities each agency serves.



### Recycled Water Supply

West Basin is internationally recognized for its water recycling program which produces five qualities of recycled water designed to meet various customer needs. These five types of “designer” water include:

1. Title 22 tertiary treated water for industrial and irrigation uses;
2. Nitrified water for cooling towers;
3. Disinfected and softened reverse-osmosis water for injection into the groundwater basin for replenishment and prevention of seawater intrusion;
4. Pure reverse-osmosis water for low-pressure boiler feed water; and
5. Ultra-pure reverse-osmosis water for high-pressure boiler feed water.

West Basin sells recycled water to retail water agencies and delivers directly to end-use customer service connections. Sales are based on published recycled water rates by the

West Basin Board of Directors and recycled water services contracts with specific customers and their local jurisdictions.

West Basin owns and operates various water recycling facilities including: Edward C. Little Water Recycling Plant (ECL Plant); Juanita Millender McDonald Carson Regional Water Recycling Plant; Chevron Nitrification Treatment plant; Torrance Refinery Water Recycling Plant; and approximately 100 miles of recycled water distribution pipelines, booster pump stations, and chlorination stations. Treatment plants are operated and maintained by a third-party contract operator, Veolia, and the recycled water distribution system is maintained under contract by Inframark. West Basin purchases secondary-treated influent recycled water from the City of Los Angeles, which produces recycled water from the Hyperion Wastewater Treatment Plant where West Basin has a booster pump station used to convey the recycled water via its force main to the ECL Plant.

To ensure that the investment made into the District's infrastructure is maintained, the District has identified a number of capital projects to ensure the District meets the quality, quantity and reliability of this local supply of water. The District is also considering how these investments will be considered as we look into multi-agency response to develop a regional water recycling programs.

#### Water Use Efficiency and Education Programs

West Basin conducts water use efficiency and public education programs, which are highly valued by communities served by the District. Water use efficiency programs include a variety of rebates and incentives to help customers conserve and use water more efficiently. This includes providing rebates for grass replacement and distributing rain barrels and water efficient devices. West Basin also educates municipal agencies and the general public about water supply conditions affecting the region and changes in state and federal regulations which affect local water policies. District rebates and incentive programs are funded via agreements with federal, state and local agencies with District providing matching funds as required pursuant to each grant agreement.

West Basin also educates the public in various ways to raise awareness of sustainable management of water resources among municipal agencies, business and community leaders, the general public, and school-aged children. This includes offering free water recycling facility tours, presentations, workshops, water-themed events, classroom presentations, field trips, press releases, and District program updates.

#### Contractual Relationships

West Basin has contractual relationships with various entities which shall be considered as reference materials in support of the proposed scope of services. These contractual relationships include recycled water service agreements (with several cities and refineries) and operation and maintenance agreements for the District's facilities and distribution pipelines.

## Current Rate Structure for Imported and Recycled Water Rates

On an annual basis, the Board of Directors adopts a resolution to establish rates and charges for the fiscal year. Imported water charges is comprised of both pass-through Metropolitan Water District of Southern California rates and charges. The District also has its own reliability service charge and implemented a fixed service charge in Fiscal Year 2018-2019 that is also reflected in the annual water rate resolution. Recycled water rates are set by agreement, or a tiered structure for customers whose rates are not specifically determined by an agreement. West Basin does serve recycled water outside of its service area.

## Additional Information

- Fiscal Year 2022-2023 Budget [link](#)
- 2022A Refunding Revenue Bond Official Statement [link](#)
- Information about the District's service area, its customers, Board of Directors and staff, program and activities, and finance are provided on West Basins website at [www.westbasin.org](http://www.westbasin.org).

### **III. SCOPE OF SERVICES**

With the upcoming contract expirations and future negotiations anticipated with the district's customers and address ongoing impacts of drought conditions on water agencies, West Basin is seeking qualified firms to review the District's cost of service calculation and provide input on the rates and charges policy development. The intention of this work is to have the qualified firm guide the District today and into the future to appropriately sets its revenue requirements that complies with current laws, enhance its cost of service modeling, and consider additional factors for a District's policy over rates and charges.

The qualified firm is required to perform and complete the work and provide the services as set forth in Exhibit A of this RFP.

### **IV. GENERAL PROPOSAL INFORMATION**

1. Respondents are encouraged to carefully review this RFP in its entirety prior to preparation of their Proposals.
2. All Proposals submitted will become the property of West Basin.
3. Respondent may modify or amend its Proposal only if West Basin receives the amendment prior to the deadline stated herein for receiving Proposals.
4. A Proposal may be considered non-responsive if conditional, incomplete, or if it contains alterations of form, additions not called for, or other irregularities that may constitute a material change to the Proposal.

5. Proposal Validity – Proposals must be valid for a period of at least 120 days from the closing date and time of this solicitation. Proposals may not be withdrawn after the submission date.
6. Pre-Contractual Expenses – West Basin shall not, under any circumstance, be liable for any pre-contractual expenses incurred by Respondents in the preparation of their Proposals. Respondents shall not include any such expenses as part of their Proposals. Pre-contractual expenses are defined as expenses incurred by the Respondent in preparing its Proposal in response to this solicitation; submitting that Proposal to West Basin; negotiating with West Basin any matter related to the Proposal; and, any other expenses incurred by the Respondent prior to the date of award and execution of an Agreement.
7. Right to Audit – Following execution of an agreement and for a period of three years following the completion of the services, West Basin will have the right to audit the successful Respondent's (Awardee's) invoices and all supporting documentation generated in performance of services under the agreement.
8. Confidentiality – Confidentiality of Proposals is subject to the following:
  - West Basin is subject to the Public Records Act, California Government Code Section 6250 et. seq. As such, all required submittal information is subject to disclosure to the general public.
  - Respondent may provide supplemental information exempt from public disclosure under Gov. Code § 6254, including “trade secrets” under Evidence Code § 1060. Such supplemental information shall not be material to the required submittal information and West Basin shall be under no obligation to consider such supplemental information in its evaluation.
9. West Basin reserves the right to:
  - Reject any or all Proposals;
  - Select the Proposal most advantageous to West Basin;
  - Verify all information submitted in the Proposal;
  - Withdraw this solicitation at any time without prior notice and furthermore, makes no representations that any contract will be awarded to any Respondent responding to this solicitation;
  - Award its total requirements to one Respondent or to apportion those requirements among two or more Respondents as West Basin may deem to be in its best interests;
  - Negotiate the final contract with any Respondent(s) as necessary to serve the best interests of West Basin;
  - Amend this solicitation;

- Amend the final contract to incorporate necessary attachments and exhibits or to reflect negotiations between West Basin and the successful Respondent.

## V. ANTICIPATED PROPOSAL SCHEDULE

This solicitation is subject the following schedule:

- |   |   |
|---|---|
| • Solicit Proposals                             | October 28, 2022                                    |
| • Last day for Respondent comments or questions | November 17, 2022                                   |
| • Proposals due                                 | December 15, 2022                                   |
| • Candidate Interviews / Presentations          | <del>December 15, 2022</del> <u>January 3, 2023</u> |
| • Recommendation to the Board of Directors      | January 23, 2023                                    |

## VI. RESPONDENT QUESTIONS, REQUESTS FOR CLARIFICATION, AND EXCEPTIONS

Questions regarding any aspect of this solicitation should be submitted via the Question-and-Answer Module of the Mercell System, or via e-mail to [bidquestions@westbasin.org](mailto:bidquestions@westbasin.org). In the event that the Respondent has any questions, requests for clarification, or wishes to take any exceptions regarding any part of this solicitation or its attachments, the Respondent should notify West Basin no later than **November 17, 2022 at 5:00 PM**, as noted above. **Questions, Requests for Clarification, and Exceptions must be submitted by this date. Questions, Requests for Clarification, and Exceptions submitted after this date will not be considered. Questions, Requests for Clarification, and Exceptions submitted with a proposal may result in the proposal being deemed non-responsive.**

West Basin’s responses will be delivered in the form of an addendum to this solicitation through the e-procurement system, Mercell. Please note that the District reserves the right to post any addendums to the Request for Proposals on the District’s website: [westbasin.org](http://westbasin.org). All proposers who obtain the solicitation through the District’s website are responsible for regularly reviewing the District’s website for any addendums. The District disclaims any responsibility for a proposer’s failure to meet the requirements contained in any addendum the District posts to its website

So that all Respondents will continue to have a fair and equal opportunity in this solicitation, an exception(s) will only be considered to correct errors or if all proposals submitted take exactly the same exception(s). West Basin’s consideration of any exception shall not, in any way, be construed as West Basin’s intent to grant said exception. Exceptions will be evaluated on a case-by-case basis and will be granted only to correct errors in the documentation or when it is deemed to be in the best interest of West Basin.

## VII. SOLICITATION ADMINISTRATION

Questions regarding any aspect of this solicitation should be submitted via the Question-and-Answer Module of the Mercell System or by e-mail to [bidquestions@westbasin.org](mailto:bidquestions@westbasin.org).

## VIII. PROPOSAL INSTRUCTIONS

### A. Submittal

1. Respondents shall submit proposals either ONLINE on The Mercell System linked [here](#).
2. Proposals are due **NO LATER THAN 2:00 PM Pacific time on December 15, 2022.** The Mercell System will block submittal attempts after the deadline, and those proposals received in hard-copy format at the District after the deadline will be returned.

### B. Response Requirements

1. The information requested below will be used to evaluate the Respondent's Proposal. Respondents may be deemed non-responsive if they do not respond to all Sections.
2. Proposals must be prepared simply and economically, providing a straightforward, concise description of methodology and approach to satisfy the requirements of this solicitation. Emphasis should be on completeness and clarity of content with sufficient detail to allow for accurate evaluation and comparative analysis.
3. Respondent's Proposal shall be clear, concise, accurate, and comprehensive. There is a 15-page limit for the proposal response and any appendix materials will not go towards to the page limit. **Excessive or irrelevant materials will not be favorably received.**
4. The **Proposals** shall be organized in separate sections tabbed with corresponding letters and related headings in the order presented below:
  - a) Executive Summary Letter
  - b) Qualifications, Capabilities, and Experience
  - c) Key Personnel
  - d) Technical Approach and Methodology
  - e) Proposed Fee Schedule

#### a) Executive Summary Letter

This letter shall be a brief formal letter from Respondent that provides information regarding the firm and its ability to perform the requirements of this solicitation. This letter must include the following information: complete legal company name (as it should appear in a contract), address, contact

person, telephone number, and **e-mail address**. This letter shall identify all materials and enclosures being forwarded in response to this solicitation.

**Proposal Validity** Responses to this RFP shall be valid for a minimum of 120 days. Submissions not valid for at least 120 days will be considered non-responsive. The Respondent shall state the length of time for which the submitted proposal shall remain valid.

**Insurance Requirements** Insurance requirements are listed in the Sample Agreement attached (Exhibit B). The District will request the actual Acord insurance form and associated documentation when recommendation for award is made. The Respondent shall confirm their ability to provide the required coverage and Accord insurance form.

**Willingness to Provide Financial Statement** If selected, Respondent may be requested to submit a complete financial statement for the two most recent years, prepared in accordance with generally accepted accounting principles. The financial statement must include a balance sheet and income statement. Respondent must indicate Respondent's willingness to provide this information.

**Acceptance Statement** Respondent must affirm the following acceptance statement:

"I, on behalf of the Respondent submitting this Proposal acknowledge that I have read and understand the subject solicitation and all its attachments. I further acknowledge that, by submission of a proposal in response to the subject solicitation, the Respondent accepts all the terms and conditions set forth in the subject solicitation and its attachments, including, but not limited to, the Sample Agreement."

The Executive Summary letter must be signed by an individual authorized to bind the proposing entity or by the two corporate officers authorized to bind the proposing entity as set forth in the California Corporations Code. A proposal submission with an unsigned Executive Summary Letter may result in the proposal being considered non-responsive.

**b) Qualifications, Capabilities, and Experience**

Respondent shall provide a brief discussion of its qualifications and capabilities to perform work similar in nature to the services requested herein. In addition, the Respondent shall include the size of the Firm as to the number of clients, size of the Firm's staff, and the location of the administrative office.

The Respondent shall provide a list of major public agency clients represented by the firm during the last five (5) years in addition to providing

a minimum of three (3) references from different clients for engagements performed in the last five (5) years where the services provided were the same or similar nature to the services requested herein. Respondent's Reference Information should include:

- Client's name, contact person, contact person's responsibility and relationship to the project, address and telephone number.
- A description of the type and extent of the services provided by Respondent to the client.
- Names of key personnel on Respondent's team that participated in named projects and their specific responsibilities

If selected, Respondent may be requested to submit a complete financial statement for the two most recent years, prepared in accordance with generally accepted accounting principles. The financial statement must include a balance sheet and income statement. Respondent must be prepared to substantiate all information provided. Respondent must indicate herein Respondent's willingness to provide this information

**c) Professional Qualifications of Key Personnel**

Respondent shall provide the names, resumes, and a statement of qualifications of key personnel who are expected to be assigned to provide services under this agreement and shall identify their specific responsibilities. Respondent shall submit a complete list of all subconsultants they intend to utilize in the provision of services requested in this solicitation. The selected firm may not award or engage any outside consultant without the District's prior notification and approval.

**d) Technical Approach and Methodology**

Respondent shall provide a discussion of ways to maximize benefits or services to West Basin as well as discuss objectives, recommendations and solutions. Respondent is encouraged to identify and recommend any improvements/enhancements for the proposed service, as well as highlight any other issues Respondent deems appropriate. Respondent shall provide its project management approach, including a project schedule, major milestones, status reporting, risk and issues management, and key decision points for each task and key deliverables. Provide assumptions, anticipated risks, and exclusions, including expectations for performance by others.

**e) Proposed Fee Schedule**

Respondent shall submit a Price Proposal for the services requested in this solicitation and should reflect by person for each task or deliverable. West Basin may accept and incorporate the submitted Price Proposal as



part of the award/agreement process without further negotiation or, alternatively, may use it as the basis for negotiations. Consequently, Respondents are encouraged to provide their best pricing terms.

Please list and provide current rates for charges other than those based on time billed to clients (e.g., facsimiles, copying, court filing charges, computer research, secretarial overtime, word processing, etc.).

Provide cost assumptions and exclusions, including expectations for performance by others; and recommended contingency to fund reasonably anticipated services that may arise but are not be included within the above estimates.

## **IX. SMALL AND LOCAL BUSINESS ENTERPRISE PROGRAM**

1. **Small and Local Business Enterprise** - The District encourages the utilization of small and local businesses. To promote the participation of Small and Local Business Enterprises in the competitive Solicitation process, the District has established a program that provides incentives to encourage small and local Vendors to participate in District Solicitations
2. **Definition of Terms** - The following definitions shall apply:
  - a) **Local Business Enterprise (LBE)** - To be considered as a local business enterprise, a firm must provide evidence, in the form of a business license, that the firm is located at a fixed commercial or residential address where administrative, clerical, professional or other productive work is performed relative to its commercial purpose. The firm must be located either within the District's service area or within 25 miles of the District's Carson headquarters for a minimum of one year.
  - b) **Small Business Enterprise (SBE)** - To be considered as a Small Business Enterprise and to encourage maximum participation, the District will accept a Vendor that meets and is certified to the federal U.S. Small Business Administration (SBA) size standards or the SBE standards set by the California Department of General Services (DGS). In addition, the District will accept a Vendor's self-certification of any local agency within the State of California. All certifications are subject to verification.
3. **Verification** - To qualify as a Small and/or Local Business Enterprise, the Respondent must provide verification of their Business Enterprise status and must acknowledge within the e-procurement system, Mercell.
4. **Evaluation Scoring** - All Formal and Informal Proposals for Professional Services will be evaluated on a 100-point scale. A value of three (3) additional points will be added to the evaluation scores of SBE or LBE participants who propose as Prime

Consultants on Professional Services Agreements. If the participant is both a SBE and LBE, the Vendor will be awarded six (6) points.

If a Prime Consultant includes a SBE or LBE as a Sub(s) in its Proposal, the District will award one (1) point for participation from either SBE or LBE Sub(s) only if at least 30% of the total compensation paid by the District under the terms of the contract are allocated to and received by the SBE or LBE Sub(s).

In the event the proposed Services will be evaluated on a price basis only, the price Proposals of SBE or LBE will be reduced by 3% (6% if both SBE & LBE) based on the percentage of SBE or LBE participation consistent with the policy described in the paragraph above. If, after this adjustment, the SBE or LBE is determined to be the most competitive price Proposal, the actual Contract amount will be the amount originally proposed.

## **X. SELECTION PROCESS**

~~Through a Board of Directors Ad Hoc, Board members and other designated staff as directed by the Board of Directors, will review the proposals and consider the following factors to select the most qualified Respondent:~~

A selection panel comprised of West Basin staff (and possibly an outside panelist) will review the proposals and consider the following factors to select the most qualified Respondent.”

- Qualifications, Capabilities, and Experience
- Professional Qualifications of Key Personnel
- Technical Approach and Methodology
- Proposed Fee Schedule and Estimated Costs at Completion

Based on review of the proposals, a short list of Respondents may be selected to participate in an interview / presentation. Short-listed Respondents must be prepared to give their presentation on January 3, 2023 ~~December 15, 2022~~. The interview / presentation will afford the Respondent an opportunity to present the key personnel assigned to the engagement and discuss their qualifications. The selection panel may ask questions about the Respondent’s written Proposal and other issues regarding their proposed Scope of Services. Presentations will be evaluated and a successful Respondent will be selected for recommendation of contract award. Contract award is subject to the approval of West Basin Board of Directors.

By submitting responses to this solicitation, respondents understand and agree that West Basin may award a contract to a firm whose approach exceeds or varies from the requirements listed. West Basin will be the sole judge of which proposal best satisfies the needs of West Basin.

Negotiations regarding agreement terms, conditions, scope of services, and pricing may or may not be conducted with the selected Respondent. Therefore, Proposals submitted should represent the Respondent's most favorable terms and offering, since the selection and award may be made without discussion with any Respondent. If West Basin engages the Respondent in negotiations and satisfactory agreement provisions cannot be reached, then negotiations may be terminated. West Basin may elect to contact another firm submitting a Proposal. This sequence may continue until an agreement is reached.

## **XI. SAMPLE AGREEMENT AND INSURANCE REQUIREMENTS**

A Sample Agreement has been attached (Exhibit B) for your review. This agreement is representative of the agreement that will be executed upon award to the successful Respondent. Submission of your proposal in response to this solicitation constitutes your acceptance of all terms and conditions set forth in this sample agreement.

The successful Respondent shall procure and maintain, for the duration of the agreement insurance against claims for injuries to persons or damages to property arising from or in connection with the performance of the work performed. The successful Respondent shall provide the following coverage:

Commercial General Liability	\$2,000,000
Business Automobile Liability	\$2,000,000
Workers' Compensation	\$1,000,000
Professional Liability	\$2,000,000

Prior to the start of work, the successful Respondent shall provide evidence of insurance from an insurer(s) certifying to the coverage, including an endorsement naming West Basin as an additional insured. For a complete description of the insurance requirements, please see Section 14 of the Sample Agreement (Exhibit B)

### **EXHIBITS:**

- Exhibit A – Scope of Services / Minimum Qualifications
- Exhibit B – Sample Agreement

# **EXHIBIT A**

**West Basin Municipal Water District**  
**Cost of Service and Rates and Charges Policy Development**

**MINIMUM QUALIFICATIONS**

1. The firm shall have at least five years of experience providing the desired services for special districts, municipalities or other local public agencies.
2. The firm should demonstrate its experience applying relevant laws and regulations (such as California Water Code and Proposition 26 ~~Proposition 218~~) to the services being proposed within the last 3 years.

**SCOPE OF SERVICE**

The District is seeking proposals from qualified firms to prepare a standardized cost of service study that demonstrates the costs of providing the different services utilizing industry accepted practices for the classification and allocation of costs for potable and recycled water customers, along with any recommended changes. This includes reviewing the current rate structure and developing alternative proposals for rates and charges for potable and recycled water services. The selected firm will also develop a methodology for enacting rates and charges that includes regulatory compliance, and Board of Director consideration for approval.

**TASK 1: Cost Allocation Methodology**

1. Review cost of providing potable water and recycled water services, including, but not limited to, direct and indirect costs included in the District's budget.
2. Evaluate the methodology for allocating costs to activities reflected within the capital improvement program and operations budget, and recommend any changes necessary to ensure direct operational costs are properly aligned with the appropriate activity. Review and consider the District's recycled operations and maintenance agreements when evaluating the cost allocation methodology.
3. Evaluate existing overhead (including benefits and indirect labor) distribution formulas, and recommend alternative formulas and/or methodologies that will support and improve logical application of overhead costs.
4. Provide a report of the analysis, methodology, and basis of recommended methods for allocating costs. Provide internal workshops with District staff to present findings and recommendations, the relationship between the system costs, and allocation methodology of costs across the differing types of water service.

## **TASK 2: Rate Design Methodology**

1. Review the Schedule of Water Rates and Charges and all revenue sources associated with operations including fixed charges, standby charges and contractual charges.
2. Evaluate the current water rate structure for potable water and recycled water, and all other revenue, and recommend alternative methodologies which are easy to understand and administer, promotes conservation and provides revenue stability. Review and consider the District's recycled water service agreements when evaluating the rate design methodology.
3. Evaluate and recommend methodologies for establishing alternative water pricing and rate structures in response to water shortages or regulatory action for reductions in water supply.
4. Conduct a sensitivity analysis that will examine different scenarios that may occur within a five-year forecast that may include changes in operations, water availability, and increases in costs.
5. Document comparable water districts rate design methodologies, identify any relevant differences in comparison to District practices, and recommend best practices utilized by other agencies for further consideration.
6. Provide a report of the analysis, methodology, and basis of recommended rate design methodologies. Provide internal workshops with District staff to present findings and recommendations.

## **TASK 3: Board and Public Engagement**

1. During evaluation subtasks of Task 1 and Task 2, conduct Board workshops to review and obtain input and feedback on alternative rate designs, pricing methodologies, and sensitivity analyses for various operating scenarios.
2. Develop a public engagement process to facilitate public review and input on recommendations under consideration by the Board. Public review should be inclusive of key constituent groups such as customer refineries, retail water agencies, governmental and non-governmental organizations, and interested members of the public.
3. To finalize rate design recommendations, conduct workshops to review rate scenarios, financial sustainability, and a framework for establishing a rate setting policy for Board review and consideration. Workshops shall include examination of potable and recycled water rates and charges, water rate structures, and

scenarios in response to water shortages or regulatory action for reductions in water supply.

4. Prepare and deliver a draft Rate Setting Policy for Board consideration.

#### **TASK 4: Tools and Resources**

1. Provide an easy-to-use software modeling tool for purposes of capturing and developing cost and budget allocations to be used in rate making and allows for sensitivity analysis. Software should be capable of evaluating and estimating the impacts of changes on water demands and revenues.
2. Propose and develop a software application, such as Visual Excel) to update and modernize Microsoft-Excel based cost allocation spreadsheets currently in use to capture operational costs and allocate to discrete operational unit processes. Modernization should improve understanding of operational performance, provide a dashboard view of relevant summary-level metrics and key performance indicators, and allow end-user maintenance, updates, and configuration.
3. Provide instruction guides, tutorial videos, and training in the use of these software applications.

# **Exhibit B**



**AGREEMENT FOR CONSULTING SERVICES  
BETWEEN WEST BASIN MUNICIPAL WATER DISTRICT,  
ALESHIRE & WYNDER AND \_\_\_\_\_**

**1. Identification**

1.1 This Agreement for Consulting Services (“Agreement”) is entered into by and among ALESHIRE & WYNDER, LLP, a California professional corporation (“A&W”), [NAME OF CONSULTANT], (“Consultant”), and WEST BASIN MUNICIPAL WATER DISTRICT, a municipal corporation (“West Basin”).

**2. Recitals**

2.1 A&W represents West Basin, which has determined that the professional services of Consultant are necessary to aid West Basin in development of a water rate study as more specifically identified in the attached scope of services.

2.2 Consultant represents that it is fully qualified to perform such professional services by virtue of its training, education, experience, and expertise. Consultant further represents that it is willing to accept responsibility to perform such services in accordance with this Agreement.

**3. Term**

3.1 The term of this Agreement shall commence when the Agreement is signed by the last of the parties to do so. The term of this Agreement expires when Consultant completes the tasks identified in the attached scope of services, or when terminated earlier in accordance with section 10 below.

**4. Consultant’s Scope of Services**

4.1 Consultant shall, at the request of A&W, provide analysis, conclusions, and opinions regarding the water rate study, including cost of service analysis. In particular, Consultant shall communicate its analysis, conclusions, and opinions regarding the water rate study.

4.2 Consultant shall participate in telephone conferences, meetings, site visits, and other similar activities as may be requested by A&W.

4.3 A&W may request, in writing, changes in the scope of Consultant’s services. Any such change, and any corresponding increase or decrease in compensation, must be mutually agreed upon by A&W and Consultant, and shall be incorporated by written amendment to this Agreement.

4.4 Consultant will act as an independent consultant. All of Consultant's reports, advice, and testimony will be objective and impartial, based upon Consultant's good faith analysis and professional conclusions and opinions.

4.5 Consultant makes no representation or guarantee of any nature with respect to the ultimate results, outcomes, conclusions, or opinions that Consultant may reach in connection with its services under this Agreement.

## 5. Compensation

5.1 West Basin agrees to compensate Consultant for all its time devoted to services performed under this Agreement at the rates provided in **Attachment A**, upon A&W's and West Basin's approval of the invoices submitted in accordance with Section 5.3 herein. Consultant agrees to look to West Basin for payment and to hold A&W harmless from any duty to do so.

5.2 West Basin agrees to reimburse Consultant, at its actual cost, for reasonable out-of-pocket costs incurred by Consultant to perform the services covered by this Agreement, including mileage for automobile travel at the current IRS rate.

5.3 Consultant shall submit to West Basin, with a copy to A&W, invoices for services performed pursuant to this Agreement on a monthly basis or less frequently. For the billing period it covers, each invoice shall itemize the services rendered, out-of-pocket expenses incurred, and the amount due. West Basin agrees to pay the amount due shown on a given invoice within thirty (30) days after West Basin receives that invoice. Consultant shall maintain an accurate log of its time and costs incurred, and West Basin shall be entitled to inspect a copy thereof upon request.

5.4 Payments for any services requested by A&W and not included in this Agreement shall be made to Consultant by West Basin pursuant to a further agreement covering those services. This further agreement shall be approved in writing by West Basin and A&W before Consultant performs those services.

5.5 West Basin agrees to compensate Consultant pursuant to this Agreement irrespective of the ultimate opinions and analysis Consultant provides.

5.6 Total compensation to Consultant under this Agreement shall not exceed **[\$AMOUNT]** without the written approval of West Basin and A&W given before performance of the work for which the excess compensation is sought.

## 6. Ownership of Written Products

6.1 All reports, documents, or other written material (“written products”) developed by Consultant in the performance of this Agreement shall be and remain A&W’s property until A&W decides to make these materials public. Consultant may take and retain copies of its written products as desired, but no written products shall be the subject of a copyright application by Consultant.

## **7. Relationship of Parties**

7.1 Consultant is and shall at all times remain, as to A&W and West Basin, a wholly independent contractor. Consultant shall have no power to incur any debt, obligation, or liability on behalf of A&W or West Basin or otherwise to act on behalf of A&W or West Basin as an agent. A&W, West Basin and their respective agents shall have no control over Consultant’s conduct, except as set forth in this Agreement. Consultant shall not represent that it is, in any manner, an employee of A&W or West Basin.

7.2 Consultant, A&W and West Basin represent that none of them is aware of any prior or existing relationship that reasonably appears to create any conflict of interest for Consultant to provide the services described in this Agreement.

## **8. Confidentiality**

8.1 All data, documents, discussion, or other information developed or received by Consultant or provided through performance of this Agreement are confidential and shall not be disclosed by Consultant without prior written consent by A&W. A&W shall grant such consent if disclosure is legally required. Upon request, all information of A&W shall be returned to A&W or West Basin, as the case may be, upon the termination or expiration of this Agreement.

8.2 Consultant understands that its work under this Agreement will be done at A&W’s direction as part of A&W’s representation of West Basin. Consequently, Consultant understands that all work under this Agreement is intended to be A&W work product that is protected from discovery under the rules of evidence. Consultant will not discuss its work under this Agreement or share its written product with anyone other than A&W except as authorized by A&W. Consultant further agrees to be exclusively retained by A&W with respect to the water rate study and not to serve any other party with respect to this matter. The parties agree that Consultant’s performance of this promise of exclusivity is essential to this Agreement and that damages will be insufficient to remedy the harm to A&W and West Basin. Accordingly, Consultant further agrees that A&W and West Basin, and each of them, shall be entitled to specific performance of this promise and other appropriate remedies in court of competent jurisdiction to ensure

performance of this promise. This promise is not in derogation of Consultant's right under Section 5.4 of this Agreement to compensation for services to A&W not included in this Agreement.

## **9. Indemnification**

9.1 Consultant agrees to indemnify, defend and hold harmless West Basin and A&W from and against any and all claims, actions, and damages that may be asserted by any third party against West Basin or A&W associated with the services Consultant renders under this Agreement.

## **10. Termination**

10.1 A&W or West Basin may terminate this Agreement without cause at any time. Upon any termination, Consultant shall immediately return to West Basin any uncharged deposit, but West Basin shall pay to Consultant all earned fees and incurred costs.

10.2 Consultant may terminate this Agreement in the event of any default by A&W or West Basin, if that default is not cured within ten (10) days after written notice of the default is given to A&W.

10.3 The parties agree that the covenants contained in Section 6, Section 8, and Section 9 of this Agreement shall survive the expiration or termination of this Agreement.

## **11. Insurance Requirements**

11.1 Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

### **11.2 MINIMUM SCOPE AND LIMIT OF INSURANCE**

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO

CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

2. **Business Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$2,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability** (Errors and Omissions) Insurance appropriate to the Consultant's profession, with limit no less than **\$2,000,000** per occurrence or claim, \$2,000,000 aggregate.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the DISTRICT requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the DISTRICT.

### 11.3 Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

#### **Additional Insured Status**

**West Basin, its officers, officials, employees, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (at least as broad as ISO Form CG 20 10 11 85 or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).

#### **Primary Coverage**

For any claims related to this contract, the **Consultant's insurance coverage shall be primary** insurance primary coverage at least as broad as ISO CG 20 01 04 13 as respects West Basin, its officers, officials, employees, and volunteers. Any insurance or self-

insurance maintained by West Basin, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

### **Notice of Cancellation**

Each insurance policy required above shall state that **coverage shall not be canceled, except with notice to West Basin.**

### **Waiver of Subrogation**

Consultant hereby grants West Basin a waiver of any right to subrogation which any insurer of said Consultant may acquire against West Basin by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not West Basin has received a waiver of subrogation endorsement from the insurer.

### **Self-Insured Retentions**

Self-insured retentions must be declared to and approved by West Basin. West Basin may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or West Basin.

### **Acceptability of Insurers**

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to West Basin.

### **Claims Made Policies**

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided **for at least five (5) years after completion of the contract of work.**
3. If coverage is canceled or non-renewed, and not **replaced with another claims-made policy form with a Retroactive Date** prior to the contract effective date, the

Consultant must purchase "extended reporting" coverage for a minimum of **five (5)** years after completion of contract work.

#### **11.4 Verification of Coverage**

Consultant shall furnish West Basin with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements West Basin before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. West Basin reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

#### **11.5 Subcontractors**

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that West Basin is an additional insured on insurance required from subcontractors.

#### **11.6 Special Risks or Circumstances**

West Basin reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

### **12. General Provisions**

12.1 This Agreement shall be construed and enforced in accordance with the laws of the State of California.

12.2 Any dispute regarding this Agreement shall be resolved by binding arbitration in Los Angeles, CA , by ADR Services, Inc., in accordance with its commercial arbitration rules. YOU SHOULD CONSIDER THIS PARAGRAPH CAREFULLY AND CONSULT INDEPENDENT LEGAL ADVICE REGARDING IT, AS ALL THREE PARTIES HERE ARE GIVING UP IMPORTANT RIGHTS, INCLUDING THE RIGHT TO JURY TRIAL, IN THE EVENT OF A DISPUTE BETWEEN OR AMONG THEM REGARDING THIS AGREEMENT.

12.3 The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are for convenience only. Should there be any conflict between such heading and the section or paragraph at the head of which it appears, the

section or paragraph, as the case may be, and not such heading, shall control. Masculine or feminine pronouns shall be substituted for the neuter and vice versa, and the plural shall be substituted for the singular and vice versa, in any place or places herein in which the context requires.

12.4 The waiver by a party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by a party unless in writing.

12.5 If any term or provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law. To this end, the provisions of this Agreement are severable.

12.6 This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same Agreement. The Parties further agree that this Agreement may be transmitted by facsimile or other electronic means and that the reproduction of signatures by facsimile or other electronic means will be binding as if originals.



TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

**[CONSULTANT NAME]**

**ALESHIRE & WYNDER, LLP**

By: \_\_\_\_\_  
[TYPED NAME]  
[TITLE]

By: \_\_\_\_\_  
[TYPED NAME]  
[TITLE]

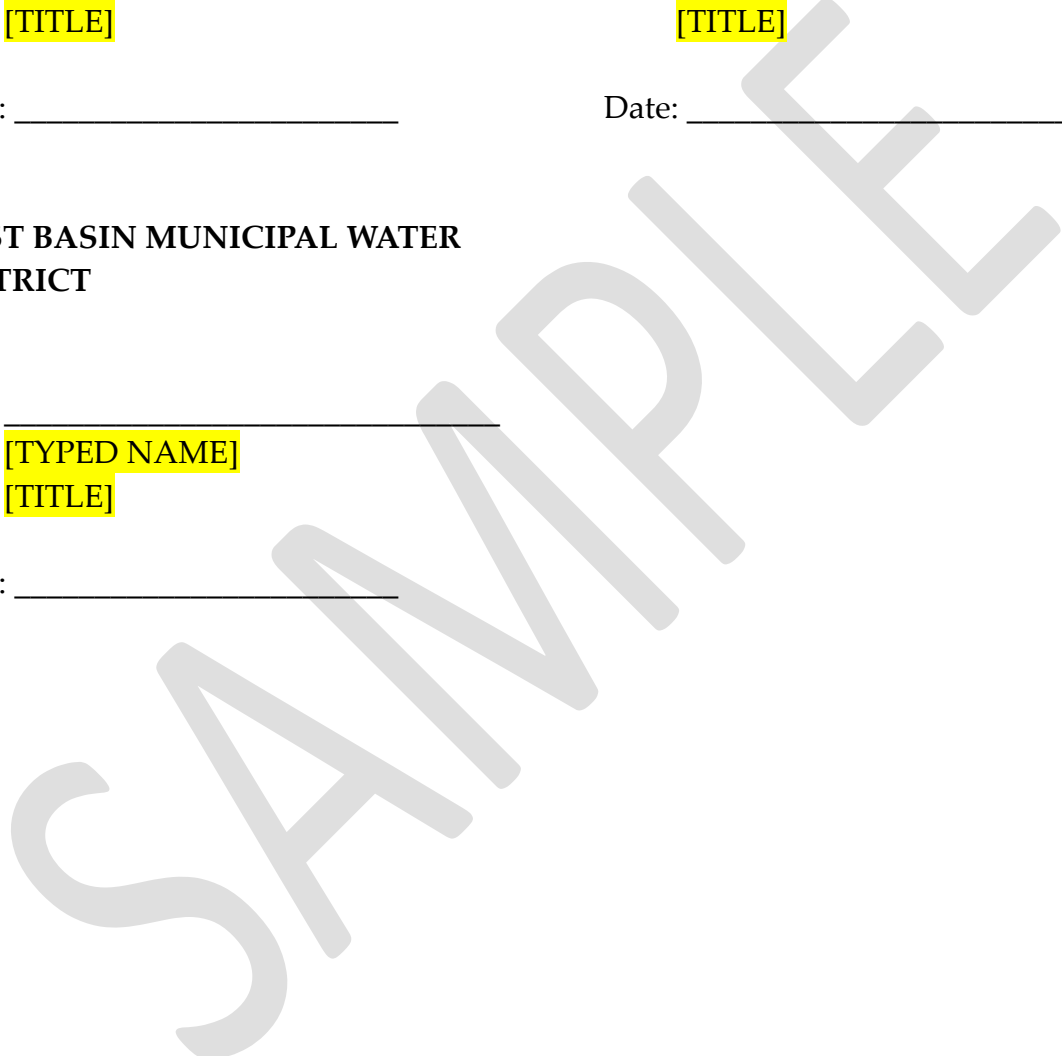
Date: \_\_\_\_\_

Date: \_\_\_\_\_

**WEST BASIN MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_  
[TYPED NAME]  
[TITLE]

Date: \_\_\_\_\_



**ATTACHMENT A  
CONSULTANT'S BILLING RATE SCHEDULE**

SAMPLE