AMENDMENT TO
PROFESSIONAL SERVICES MASTER CONTRACT
FOR
DESIGN, GEOTECHNICAL TESTING, PLAN REVIEW, AND SURVEYING SERVICES

Water Rate Study Update

This Amendment to Design, Geotechnical Testing, Plan Review, and Surveying Services is made and entered into on \( \text{July 14, 2015} \) by and between the City of Stockton, a municipal corporation, hereinafter referred to as "CITY," and HDR Engineering, Inc. hereinafter referred to as "FIRM," to provide CITY a study to assess the impacts of water rates due to the water conservation efforts.

WITNESSETH:

WHEREAS, CITY and FIRM entered into a Professional Services Master Contract for Design, Geotechnical Testing, Plan Review, and Surveying Services on July 13, 2010, as part of a vendor pool and desire to amend said Contract by specifying FIRM to provide preparation of plans and specifications, feasibility study, permit acquisition assistance, and bidding assistance.

NOW, THEREFORE, in consideration of these premises and the following terms and conditions, the parties hereto agree as follows:

1. Section 1, Scope of Services is hereby amended to include a water rate study as per Exhibit "A", attached hereto and by reference made a part hereof.

2. Section 2, Compensation is hereby amended in the amount of $45,275.00 to include Exhibit "A."

3. Section 3, Schedule for Completion is hereby amended to include Exhibit "A" and Section 5, term is hereby amended to extend the term of contract through December 31, 2015.

4. Section 10, Notices is hereby amended to provide that FIRM shall notify the City of Stockton Municipal Utilities Department, C. Mel Lytle, Ph.D., Director, on all matters related to the work.

5. Section 13, Insurance requirements are hereby amended to the current insurance requirements set forth in Exhibit B, attached hereto and incorporated by this reference. Firm shall not commence any work before obtaining, and shall maintain in force at all times during the duration and performance of this Contract the policies of insurance specified in Exhibit B.
force at all times during the duration and performance of this Contract the policies of insurance specified in Exhibit B.

6. All other terms and conditions of the Contract not expressly amended by this document shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to Contract to be executed on the date and year first written above.

ATTEST:

BONNIE PAIGE
City Clerk of the City of Stockton

CITY OF STOCKTON, a municipal corporation

By:
KURT O. WILSON
City Manager

"FIRM"

HDR ENGINEERING, INC.

By:

Title: Vice President

Tara M. Mazzanti
Deputy City Attorney
June 15, 2015

Mr. Antonio S. Tovar, P.E.
Deputy Director of Water Resources
City of Stockton
Municipal Utilities Department - Engineering
2500 Navy Drive
Stockton, CA 95206

RE: HDR’s Proposal for the 2015 Water Rate Study

Dear Mr. Tovar:

The development of cost-based water rates is critical to maintaining a financially healthy utility. HDR Engineering, Inc., (HDR) has developed a proposed scope of services for the City of Stockton Municipal Utilities Department (City) to develop water rates that meet the operating and capital needs of the water utility over a long-term period (i.e., 10 years). The analysis will be based on the water rate study developed by HDR in 2009. The study will develop a projection of revenues to adequately fund operating and capital needs over the period reviewed, as well as work with the City’s Financial Advisor to confirm that the current and projected revenues meet the debt service requirements of the water utility. In addition, the City is interested in developing drought or conservation based water rates. At the conclusion of the study, HDR will provide a written report to the City to review the findings, conclusions, and recommendations of the rate study update. The development of rates will follow the requirements of Proposition 218 and other recent legal decisions impacting the development of water rates.

HDR is highly qualified to perform this work for the City based upon our technical skills and experience in this specialized area of developing cost-based water rates. Among the attributes that we bring are the following:

- HDR developed the previous comprehensive water rate study for the City, which established the rates for the past five-year period. HDR also developed the Delta Water Supply Project (DWSP) fee to assist in funding the DWSP. As a result, HDR is intimately familiar with the City’s water operations and finances.
- HDR is intimately familiar with the City’s accounting and financial records, having also previously completed the stormwater and wastewater rate studies. HDR is also currently reviewing and updating the City’s wastewater connection fees.
- HDR is nationally recognized for its expertise in financial planning and rate studies. We have successfully developed financial plans and performed water rate studies for hundreds of
utilities around the U.S. and Canada. More locally, HDR recently developed water rate studies for the Dublin San Ramon Services District, Sacramento Suburban Water District, Tahoe City Public Utility District, and the cities of Folsom, Woodland, and Reedley.

**Individual Project Team Member Experience:**

- HDR's Project Manager for the study will be Shawn Koorn, an Associate Vice President with HDR. Shawn is nationally recognized as an expert in financial planning and rates, and has been a co-instructor for the American Water Works Association (AWWA) three-day financial management seminar, as well as a contributing author to the AWWA M-54 Manual. Shawn was the Project Manager for the prior rate studies (water, wastewater, and stormwater) conducted for the City and led all public meetings for these studies.

- Tom Gould, HDR's Business Leader for Finance and Rates, will provide the overall study quality control review. Tom is a nationally recognized expert in financial planning and rates. For more than 25 years, Tom has been the co-instructor of the AWWA three-day financial management seminar. In addition, he is a contributing author to the AWWA M-1 Manual and part of the editorial committee for the sixth edition.

**Methodology, Approach, and Communication:**

- By virtue of conducting hundreds of studies over the years, HDR understands the most comprehensive, efficient, and effective approaches to develop financial plans and rates. However, HDR tailors each scope of services and methodology to meet the specific needs of our clients.

- HDR is very effective in communicating and working with policymakers on complex management, financial, and rate issues. HDR views communication and public presentations as one of the most critical components to the overall success of the study.

We appreciate the opportunity to provide this proposal to the City. We look forward to discussing our proposal with you. Should you have any questions about our approach to this project or any information contained herein, please call Shawn Koorn directly at (425) 450-6366. Thank you again for the opportunity to propose on this interesting project.

Sincerely,

HDR ENGINEERING, INC.

H. Kennedy
Vice President

SWK:pk/14269

Shawn W. Koorn
Associate Vice President
1. Project Team

A key factor to the success of a rate study is the experience and expertise of the project team. To be successful, the project team must successfully combine a number of people with different backgrounds, experience, and abilities into a well-rounded, comprehensive team. We believe that is the strength of the proposed HDR project team. This section of our proposal will discuss our proposed project team for the City of Stockton’s (City’s) 2015 Water Rate Study.

**Key Project Team Members**

Provided below is an overview of the individuals to be assigned to this project.

**Shawn Koorn - Project Manager**

- Has provided utility rate technical analysis for the City since 2008.
- More than 15 years of experience in utility rate setting, including revenue requirements, cost of service, and rate design.
- Recognized expert in the area of cost of service and rate design for utility rates.
- Has been the project manager for the City’s most recent water, wastewater, and stormwater rate studies.
- Has continued to assist the City and its financial advisor in calculating the water and wastewater utility debt service coverage ratios, and provided financial modeling for long-term debt refinancing.

**Tom Gould - Quality Control**

- More than 37 years of experience providing financial planning and rate studies for water, wastewater, and stormwater utilities.
- Nationally-recognized expert in the area of cost of service and rate design for utility rates.
- Conducted hundreds of water rate structure studies throughout California.
- Provided quality control for the recent rates studies completed for the City by HDR. Project Manager for the City’s 2009 study.
- Co-instructed the AWWA Financial Management seminar for more than 25 years.
Mason Beck P.E. - Engineering Assistance

- More than 12 years of water engineering experience, which include treatment plants, pumping stations, storage tanks, and pipelines.
- Lead project engineer for the City’s award-winning Delta Water Supply Project (DWSP) intake and pumping station project.
- Familiarity with the City’s water system.
- California-registered professional civil engineer.

Josiah Close - Water Rate Technical Analysis

- Recently developed the sewer financial planning analysis update for the City.
- Two years of experience in developing rate models for water, wastewater, and stormwater systems.
- Conducted cost of service and rate design analysis and the associated modeling for the City of Oak Harbor, WA; City of Coeur d’ Alene, ID; City of Woodland, CA; Sacramento Suburban Water District, CA; Las Gallinas Valley Sanitary District, CA; and City of San Luis Obispo, CA.
- Extensive experience in rate restructuring and analyzing customer data for purposes of establishing average winter water use, tiered usage blocks, and disaggregation/consolidation of classes of service.
- Developed costing and rate models to support tiered rates in light of the recent Capistrano court decision.
- Prior to joining HDR, worked for a state agency doing financial analysis and budgeting.

Summary

As can be seen, the project team has years of experience successfully working with the City and understands the key issues and drivers in the development of the 2015 Water Rate Study. The individuals noted above are available to begin working on this project immediately. Should other individuals be required for the City’s study, HDR has a number of other qualified individuals available to meet specific technical needs associated with this study. The staff described above will be dedicated to the City’s study until its successful completion.
2. Scope of Work

Introduction and Overview

HDR previously provided professional and technical services to the City in the development of the 2009 water rate study. This study resulted in the adoption and implementation of rates to fund operating and capital improvements to the water system, as well as the long-term debt associated with the DWSP. Since that time, the DWSP has been constructed, debt has been issued, and the project has begun producing water.

Key to the 2015 Water Rate Study will be the evaluation of the adequacy of existing rates to prudently fund current operating and capital expenses, and, more importantly, maintain required debt service coverage ratios in accordance with the long-term debt requirements (covenants). In addition, the City is interested in implementing conservation oriented rate structures. This is important given the current drought in the local area and in the State.

The development of cost-based water rates that meet legal requirements (e.g., Proposition 218) is paramount. At its very core, Proposition 218 requires a water utility to establish cost-based rates for the services provided. However, like most propositions or voter’s initiatives, Proposition 218 provided certain direction, but lacked clarity and definition in certain areas. Hence, there have been a number of lawsuits in recent years related to utility rates and Proposition 218. In the Capistrano Taxpayers Association v. City of San Juan Capistrano, the City of San Juan Capistrano was challenged, among other items, over the cost-basis for the tiers (price blocks) of their tiered water rate structure. The initial ruling of the court in this case was not favorable to the City of San Juan Capistrano and the City of San Juan Capistrano appealed the court’s decision. Most recently, the Appeal Court hearing this case upheld the lower court’s decision as it pertained to the pricing of the tiers within the City of San Juan Capistrano’s water rate design. In summary, the Appeal Court ruled that tiered rates are a valid rate structure, but the pricing of the tiers must be cost-based.

HDR has developed the following scope of services to provide the City with a projection of rates that sufficiently funds the water utility operating and expenses, meets debt service requirements, and provides drought or conservation based rate structure alternatives. The results of this study will provide the City with a water rate transition plan and rate structure alternatives to meet these study goals. The results of the water rate study update will be communicated to the City and City management through a written report. No council meetings or committee meetings are included as part of the scope of services at this time. If requested, HDR will provide any needed public presentations on a time and materials basis.

Scope of Services

HDR’s proposed scope of work is divided into several interrelated tasks. HDR’s scope of work is based upon “generally accepted” financial planning and rate setting methods, HDR’s understanding of the City’s past water rate setting practices, and current industry “best practices” and trends.
A discussion of the proposed scope of services and the interrelated tasks is provided below.

**Task 1 - Initial Project (Kick-Off) Meeting and Data Collection**

**Task Objective:** Bring the HDR project team and City management and staff together, at the start of the project, to allow the parties to have a mutual understanding of the goals, objectives, issues, and concerns related to the study. Gather and review the data and information needed to conduct the water rate study update.

The initial project (kick-off) meeting is important to the overall success of this engagement. This meeting allows both parties to discuss the overall goals and objectives for this study, while at the same time discussing issues and concerns that either party may have. A written data request will be provided to the City prior to the kick-off meeting to allow for the gathering of data and discussion during the meeting. It is proposed that this meeting be held at the City’s office and be approximately two hours in length.

**Expected City Support for Task 1:**

- Have key management/project team members attend a two-hour kick-off meeting.
- Review and confirmation of the City’s goals and objectives for the study.
- Provide the needed data and information from the data request.

**Deliverables as a Result of Task 1:**

- Written data request detailing the needed data and information.
- Face-to-face meeting to get the study off to a positive start.
- Identification of objectives, issues, and concerns by both parties.
- Review and confirm scope of work and general approach.

**Task 2 - Revenue Requirement Analysis (Financial Plan)**

**Task Objective:** Using “generally accepted” financial planning methodologies, develop the City’s water revenue requirement analysis (financial plan) for a projected 10-year period. The revenue requirement analyses, or financial plan, will establish the cost-based ‘level’ of revenue to be collected from customers to prudently fund the water utility operating and capital expenses. As necessary, develop a rate transition plan to move toward cost-based levels.

The development of the revenue requirement analyses is the first major analytical portion of the water rate study update process. This portion of the study entails reviewing the various sources of funds (revenues) and comparing them to the applications of funds (expenses) for the utility. This task considers the prudent and proper funding for operations and maintenance (O&M) and capital expenditures and determines the need for rate adjustments over the time period selected.
A more detailed discussion of the various steps involved in developing the revenue requirements is provided below.

**STEP 1 – SELECTION OF A TEST PERIOD:** The first step in the development of the revenue requirements is the selection of a “test period”. In this case, a 10-year test period or projected time period is proposed (e.g., 2016 – 2025). By reviewing costs over this extended time frame, the City can determine when major rate adjustments may be required and potentially take steps today to help minimize future impacts (e.g., rate adjustment transition, accumulation of capital reserves, etc.). However, the focus of the study will be the next five-year period for rate setting to align with the requirements (limitations) imposed by Proposition 218. The final test period can be determined during the initial project meeting.

**STEP 2 – METHOD OF ACCUMULATING COSTS:** Once the “test period” has been determined, the next decision is to determine the basis or method of accumulating costs. There are two methods for accumulating costs for revenue requirement/financial planning purposes: (1) the “cash basis” method or (2) “utility/accrual basis” method. The “cash basis” method is the most commonly used method; the method used for the prior water rate study, and the method proposed for the 2015 water rate study update.

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

Revenue requirements are composed of two major types of costs: operational and capital. The operational costs are generally projected from historical or budgeted costs, using assumed escalation factors, and adjusted for known changes in operations (e.g., additional personnel, growth/expansion, etc.). While the projection of the operational costs is fairly straightforward, the capital cost projections are generally the focus of the analysis, and require more thought and planning.

Within this study, the starting point for projecting capital costs (expenditures) will be the capital improvement plan for the City, or other relevant capital planning and capital budgeting documents.

In the financial planning process, consideration must be given to maximizing the capital improvements (expenditures) for the system, while minimizing rates to its customers. This is accomplished in a variety of ways. However, the most important aspect of this discussion is that there are multiple methods of financing capital expenditures and it is through this process that rates can be minimized. Table 2-1 provides an overview of the general approach that is used to develop a capital funding plan within the revenue requirement analysis.
Table 2-1. Overview of the General Methodology for Reviewing the Financing of Capital Project Expenses

+ Total Capital Projects
  ✓ Replacement and Refurbishment Capital Projects
  ✓ Legally Mandated Capital Projects
  ✓ System Growth and Expansion Capital Projects

- Outside Funding Sources
  ✓ Capital Reserves
  ✓ Grants
  ✓ Low Interest Loans (e.g., State and/or Federal)
  ✓ Contributed Capital
  ✓ Borrowed Funds/Long Term Debt (e.g., Revenue Bond)

= Capital Projects Financed with Rate Revenues (≥ Depreciation Expense)

The basic framework shown above is developed on a year-by-year basis for each of the projected 10 years. In summary form, the general approach is to list capital projects in each year, and then determine the various outside funding sources for each of the projects. These outside funding sources may be low interest loans, grants, customer capital contributions, etc. The balance of projects not funded by the available sources of funds must be financed from a combination of long-term debt and rates. It is the balancing of the use of long-term debt to the impact upon rates that is critical to the analysis.

In balancing the use of debt to equity (rate) financing of capital projects, a number of financial planning aspects are taken into account. First, the utility’s debt service coverage ratio is an important financial measure or indication of the utility’s ability to repay debt, and a key component of the 2015 Water Rate Study. The strength of the debt service coverage ratio is a direct function of the amount of capital projects that are financed from rate revenues. A simple financial check that HDR does is to see if that a utility should fund, at a minimum, an amount equal to or greater than the utility’s annual depreciation expense for renewal and replacement capital projects. By following this simple financial rule, the utility is not only establishing a potentially strong debt service coverage ratio, but at the same time, it helps provide consistent funding to maintain existing infrastructure at acceptable service levels, with minimal or no long-term debt financing.

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1 Within this study, HDR is not acting as a financial advisor regarding the issuance of long-term debt. The City has a financial advisor to fulfill this municipal advisory role as it relates to the size, timing and structuring of proposed debt issues.
In summary, given a better understanding of the overall magnitude of the needed capital projects, a final financing plan can be developed that meets the City’s goals and objectives, while attempting to minimize rates and costs over time. At the same time, if a rate transition plan is needed, it will be developed.

Expected City Support for Task 2:
- Provide “as needed” assistance to explain the City’s data and information as it relates to developing the revenue requirement.
- Provide “as needed” data refinements or additional data needs as determined during the process of developing the revenue requirements.
- Attend a one-half day project meeting to review the draft revenue requirement analysis and overall methodology, and confirm model assumptions and key inputs.

Deliverables as a Result of Task 2:
- A water revenue requirement analysis for a projected 10-year period that considers the prudent funding of operating and capital needs of the water utility.
- A capital financing plan within the revenue requirement analysis, utilizing the comprehensive plans or capital budgets of the utility.
- If needed, a transition plan to “phase in” needed rate adjustments.
- Review of the debt service coverage ratios to meet bond covenants.
- Recommendations regarding other key financial indicators (e.g., capital replacement, reserve levels).
- Project meeting at the City’s location to discuss the development of the revenue requirement and recommendations.

Task 3A - Rate Design - Development of the Tier Pricing Cost Basis

Task Objective: Develop the cost basis to develop tiered water rate structure alternatives to comply with Proposition 218 requirements.

As noted previously, the City of San Juan Capistrano decision did not determine that tiered rates are illegal. Rather, the City of San Juan Capistrano decision found that utilities must cost justify the pricing used in each tier. Failure to do so, at least under the current City of San Juan Capistrano decision, violates Proposition 218’s requirement for cost-based rates. In the opinion of HDR, the court’s decision has greatly diminished the policy input of the legislative body in establishing a local utility’s rates.

Given this recent decision, the development of the City’s water rate structure alternatives will need to address the recent City of San Juan Capistrano decision. While there remains much discussion in the legal and rate community as to the impacts and stricter technical (legal) requirements as a result of the City of San Juan Capistrano decision, HDR has concluded that utilities have at least three technical approaches to be able to demonstrate (i.e., cost justify) the individual pricing of the tiers. Each of these
will require a modification and update to the City’s existing cost of service methodology (model). These technical approaches encompass the following areas:

- Cost differences in water supply (i.e., “stacking” of water supply resources to tiers).
- Cost differences from high peak use consumers (relationship of average use to peak use).
- Direct assignment of costs to specific (upper) tiers (e.g., conservation program costs, etc.).

HDR would propose a review and update of the City’s existing water cost of service model, which was developed during the 2009 rate study, and the approaches noted above to provide the City with a clear and documented cost-justification for proposed rate structure alternatives with a tiered rate in Task 3B.

Expected Department Support for Task 3A:

- Assist, as necessary, in the review of costs and development of the tier pricing justification.
- Provide, as necessary, additional information related to the development of the tier pricing justification.
- Review the development of the cost basis for developing tiered rate structures.

Deliverables as a Result of Task 3A:

- Update of the existing cost of service analysis to determine the cost basis for tier pricing.
- Develop the cost-basis for establishing tiered rate structure alternatives.
- A project meeting at the City’s offices to review and discuss the cost basis for setting tiered water rate structure alternatives.

**Task 3B - Rate Design - Development of the Water Rate Structure Alternatives**

**Task Objective:** Develop water rate structure alternatives to meet the City’s rate design goals and objectives.

Task 2 addressed the overall revenue sufficiency and determined necessary rate adjustments and Task 3A provided the cost basis for establishing tiered pricing. Task 3B will be the development of alternative water rate structures for consideration by the City. This task is designed to review the City’s water rates—both the level and structure. Level refers to the amount of revenue to be collected from the rate design that is addressed as a part of the revenue requirement analysis. Structure refers to the way in which the desired level of revenue is collected. Water rate structures typically include both a fixed and variable component. The rate structure alternatives will review the fixed and variable costs incurred by the City and develop rate structure alternatives to meet the City’s overall rate design goals and objectives and cost structure.

An important starting point for the rate design process is understanding the City’s rate design goals and objectives. These objectives may include conservation, revenue sufficiency, revenue stability, ease of administration, simplicity, etc. At this time, the City has discussed the need to review drought or conservation oriented water rate structures. The development of drought or conservation based rates
typically provide a price signal to those customers using more water through an increasing or inverted tiered rate structure. However, it is important to note that not all rate structure alternatives may apply to all customer classes of service. Given that, when designing the rate alternatives, each of the City's customer classes of service (i.e., residential, commercial, institutional) will be reviewed and appropriate water rate structure alternatives developed for each customer class of service that reflect the City's overall rate design goals and objectives and current industry best practices.

This task will provide up to three alternative water rate structures for each of the City's customer classes of service. In addition, the City's current rates will be reviewed to determine how well they conform to contemporary rate-setting goals and objectives. For each rate alternative developed, a bill comparison and graph will be provided that shows a comparison between the present bill and the proposed bill at various levels of usage. Bill comparisons are useful in assessing the potential impacts to a wide variety of customers.

At the conclusion of this task, HDR will have developed rate design alternatives and provided a set of bill comparisons. From these alternatives, HDR will work with City staff to establish final proposed rate alternatives for each customer class of service.

**Expected City Support for Task 3B:**

- Discuss with HDR the City's rate design goals and objectives.
- Assist, as necessary, in the development of the water rate structure alternatives and bill comparisons.
- Provide direction on the preferred water rate structure alternative for each customer class of service.
- Attend a two-hour project meeting to review and discuss the water rate structure alternatives.

**Deliverables as a Result of Task 3B:**

- Up to three water rate structure alternatives for each customer class of service.
- Development of bill comparisons for each of the rate structure alternatives developed.
- Comparison of the preferred rate structure and customer bills to other local water utilities.
- A two-hour project meeting at the City's offices to review and discuss the water rate structure alternatives.

**Task 3C - Rate Design - Development of Drought Rates**

*Task Objective:* Develop drought rates based on the preferred water rate structure to maintain sufficient revenues due to decreased consumption resulting from drought conditions.

Drought conditions, along with California-mandated conservation requirements, result in the reduction of water consumption and subsequent consumption based revenues. The development of drought rates is intended to provide the City with a set of rates that are enacted during times of drought to maintain sufficient revenues. However, during times of drought, the City may also incur additional
conservation-oriented O&M costs for customer education, outreach, and enforcement. Given this, the development of the drought rates will take into consideration additional O&M costs necessary to meet the conservation goals of the City.

The starting point of the drought rates will be the City's drought response plan or other documents related to responding to drought conditions. Based on the level of conservation savings in each drought stage, and additional O&M costs related to the drought, the drought rates can be developed. The drought rates are typically an "adder" to the proposed consumption rates of the preferred rate structure. However, HDR will discuss with the City the development of the drought rate structure as, at some utilities, a fixed charge is also enacted as part of the overall drought rate program. The goal of the drought rates is to develop rates that result in minimal customer bill impacts to customers that conserve at the levels targeted in each drought stage. In this way, when a customer reduces water consumption by the appropriate level, the customer's bill does not increase substantially.

This task will use the preferred water rate structure developed in Task 3B to establish a set of drought rates, for each customer class of service, which can be implemented during times of drought to maintain sufficient revenues for the City's water utility.

Expected City Support for Task 3C:

- Discuss with HDR the City’s drought response plan and targeted conservation goals.
- Assist, as necessary, in the development of the drought rate structure.
- Review the development of the proposed drought rates.

Deliverables as a Result of Task 3C:

- The development of drought rates for each customer class of service.
- A project meeting at the City’s offices to review and discuss the development of the drought water rates.

Task 4 - Written Report

Task Objective: Provide a written report to summarize the findings, conclusions, and recommendations of the water rate study update.

At the conclusion of the analysis, HDR will develop a draft written report. The report is intended to summarize the activities undertaken as a part of this project, along with our findings, conclusions, and recommendations. HDR will include a technical appendix of the analyses undertaken. HDR will provide up to 10 copies of the draft report to the City for its review and comment. Comments, suggestions, or corrections from the City concerning the draft report will be incorporated into the final report. HDR will provide up to five bound copies and an electronic version in PDF of the final report.

Expected City Support for Task 4:

- Review and comment on the draft written report.
Deliverables as a Result of Task 4:

- Up to 10 copies of the draft written report.
- Up to five bound copies of the final written report.

This concludes HDR’s discussion of the proposed scope of services for the City’s requested services. At this time, the City has not requested on-site meetings or presentations with the advisory group, Water Council Committee, or City Council. However, the scope of service does include two on-site meetings with City staff, in addition to the kick-off meeting, to review and discuss the development of the analysis. Additional out-of-scope work will be provided on a time and material basis. Out-of-scope work will only be provided with the written authorization of the City.

Summary

This section of the proposal has provided a detailed scope of services to provide technical and professional services as it relates to the City’s water rates. HDR has attempted to provide a detailed discussion of the proposed scope of services to demonstrate our understanding of the City’s needs, while communicating our depth of knowledge and skill in this area.
3. Schedule

Introduction

A rate study of this complexity generally requires 12 to 16 weeks to complete, depending upon a number of factors. These factors include the amount of time required by the City to collect the necessary data, the quality of the data provided, the ability to schedule meetings with City management and staff in a timely manner, and receiving policy direction.

Proposed Project Time Schedule

In discussions with the City, a specific project time schedule for this project has not been established. As noted, no public presentations have been requested by the City as part of the scope of services. Given this, the following preliminary project time schedule has been developed.

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HDR will make every effort to meet the City's desired time schedule for completion of the study. HDR will keep the City aware of the schedule and variation from it, through direct communication with the City's Project Manager and within our monthly invoicing letter.

Summary

This section of HDR's proposal has reviewed the proposed time schedule for completion of the City's water rate study. This time schedule has been developed based upon the previously presented scope of services.
4. Cost Proposal and Fee Schedule

Cost Proposal

Table 4-1 below shows a detailed cost proposal, broken down by tasks identified in the previous section of the proposal, and includes other direct cost anticipated for the 2015 Water Rate Study.

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<th>Task Description</th>
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<th>Financial Analyst</th>
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</tr>
<tr>
<td></td>
<td>$3,680</td>
<td>$1,160</td>
<td>$350</td>
<td>$6,300</td>
<td>$125</td>
<td>$11,615</td>
</tr>
<tr>
<td>3A Rate Design - Development of the Tier Pricing Cost Basis</td>
<td>12</td>
<td>4</td>
<td>2</td>
<td>40</td>
<td>1</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>$2,760</td>
<td>$1,160</td>
<td>$350</td>
<td>$4,200</td>
<td>$125</td>
<td>$8,595</td>
</tr>
<tr>
<td>3B Rate Design - Development of the Water Rate Structure Alternatives</td>
<td>12</td>
<td>4</td>
<td>0</td>
<td>32</td>
<td>1</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>$2,760</td>
<td>$1,160</td>
<td>$350</td>
<td>$3,360</td>
<td>$125</td>
<td>$7,405</td>
</tr>
<tr>
<td>3C Rate Design - Development of Drought Rates</td>
<td>6</td>
<td>2</td>
<td>0</td>
<td>24</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>$1,380</td>
<td>$580</td>
<td>$0</td>
<td>$2,520</td>
<td>$125</td>
<td>$4,605</td>
</tr>
<tr>
<td>4 Written Report</td>
<td>6</td>
<td>4</td>
<td>0</td>
<td>16</td>
<td>2</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>$1,380</td>
<td>$1,160</td>
<td>$0</td>
<td>$1,680</td>
<td>$250</td>
<td>$4,470</td>
</tr>
<tr>
<td>Total Hours</td>
<td>60</td>
<td>18</td>
<td>8</td>
<td>182</td>
<td>8</td>
<td>276</td>
</tr>
<tr>
<td>Total Fees</td>
<td>$13,800</td>
<td>$5,220</td>
<td>$1,400</td>
<td>$19,110</td>
<td>$1,000</td>
<td>$40,530</td>
</tr>
<tr>
<td>Percentage of Hours by Employee</td>
<td>21.7%</td>
<td>6.5%</td>
<td>2.9%</td>
<td>65.9%</td>
<td>2.9%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Expenses
Airfare (6 Round Trips @ $350/RT)                      2,100
Rental Car (4 Days @ $95/day)                           380
Packing/Meals/Miles/Etc.                                590
Printing/Copies                                         650
Technology Charge                                      1,025
Total Expenses                                          $4,745

Grand Total Project Fee Estimate                       $45,275

HDR is willing to negotiate a final fee based on a final scope of services. Should the City request additional services under this contract during calendar year 2015, the services will be provided at the
hourly billing rates provided below. Portions of this price proposal can be expanded or reduced in conformance with scope adjustments and as mutually agreed upon in writing by the City and HDR.

Fee Schedule

Our proposed hourly rate schedule by job classification is provided below. This hourly rates schedule will be in effect during the course of the study, through calendar year 2015. These rates shall apply for the requested scope of work.

HDR ENGINEERING, INC.
RATE SCHEDULE
January 2015 to December 2015

<table>
<thead>
<tr>
<th>Position</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Manager</td>
<td>$230</td>
</tr>
<tr>
<td>Technical Advisor (QA/QC)</td>
<td>$290</td>
</tr>
<tr>
<td>Project Engineer</td>
<td>$175</td>
</tr>
<tr>
<td>Financial Analyst</td>
<td>$105</td>
</tr>
<tr>
<td>Admin./Clerical</td>
<td>$125</td>
</tr>
</tbody>
</table>

*Rates are subject to change after December 31, 2015.*
*The billing rates shown cover payroll cost, employee benefits, and HDR overhead and profit.*

EXPENSES

In-House Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Charge per Direct Labor Hour</td>
<td>$3.70</td>
</tr>
<tr>
<td>Vehicle Mileage (per mile)</td>
<td>Current Federal Travel Regulation (FTR)</td>
</tr>
<tr>
<td>Black/White Photocopies (per copy)</td>
<td>$0.05 to $0.09</td>
</tr>
<tr>
<td>Color Copy (per copy)</td>
<td>$0.15 to $0.30</td>
</tr>
</tbody>
</table>

*Please Note:* Technology charges include computer, network, software, and other related technology services. No markup on expenses.

The hourly billing rates shown above will be in effect over the course of this study and will apply to out-of-scope work conducted in calendar year 2015. HDR annually adjusts their hourly billing rates. Out-of-scope work performed in 2016 will reflect actual billing rates based on changes in the Consumer Price Index (CPI).

Proposed Method of Payment

HDR proposes that fees will be billed monthly on a time and material basis in accordance with the unit prices described in the above price proposal.
Exhibit B:  
Insurance Requirements for Professional Services

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.

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 $1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. 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 $1,000,000 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. (Not required if consultant provides written verification it has no employees)

4. Professional Liability (Errors and Omissions) Insurance appropriate to the Consultant’s profession, with limit no less than $1,000,000 per occurrence or claim, $1,000,000 aggregate. (If Claims-made, see below.)

If the Consultant maintains higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to coverage for the higher limits maintained by the consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Stockton.

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

Additional Insured Status
The City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are to be covered as additional insureds on the CGL policy and AL 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 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 as respects the City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers. Any insurance or self-insurance maintained by the City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers shall be excess of the Consultant’s insurance and shall not contribute with it. The City of Stockton does not accept primary endorsements limiting the Consultant’s insurance coverage to sole negligence.

Notice of Cancellation
Each insurance policy required above shall state that coverage shall not be canceled, except with notice to the City of Stockton.

Waiver of Subrogation
Consultant hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City of Stockton 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 the City of Stockton has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions
Any deductibles or self-insured retentions must be declared to and approved by the City of Stockton Risk Services. The City of Stockton may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers
Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A:VII if admitted to do business in the State of California; if not admitted to do business in the State of California, insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A+:X.

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. If Claims Made policy form is used, a three (3) year discovery and reporting tail period of coverage is required after completion of work.
Verification of Coverage
Consultant shall furnish the City of Stockton with original certificates and amendatory endorsements required by this clause. All certificates and endorsements are to be received and approved by the City of Stockton Risk Services before work commences. Failure to obtain the required documents prior to the work beginning shall not waive the Consultant’s obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time, for any reason or no reason.

Certificate Holder Address
Proper address for mailing certificates, endorsements and notices shall be:

- City of Stockton
- Attention: Risk Services
- 425 N El Dorado Street
- Stockton, CA 95202

City of Stockton Risk Services Phone: 209-937-5037
City of Stockton Risk Services Fax: 209-937-8558

Maintenance of Insurance
If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

Subcontractors
Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that City of Stockton is an additional insured on insurance required from subcontractors.

Special Risks or Circumstances
City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.
CITY OF STOCKTON
STANDARD AGREEMENT

1. This Agreement is entered into between the City of Stockton ("City") and HDR Engineering, Inc. ("Contractor") to provide Water Cost of Service Rate Study, as set forth in Exhibit A to this Agreement.

2. The term of this Agreement is as follows, unless amended as described in Exhibit A and Exhibit C section 8:
   Commences on: April 20, 2020
   Terminates on: December 31, 2021

3. The maximum not to exceed amount to be paid to Contractor for the term of this Agreement, including if authorized, reimbursement of expenses, is: $ 99,965

4. The complete Agreement consists of all the following Agreement documents which by reference are incorporated and made a part of this Agreement. The parties agree to comply with the terms and conditions of this Agreement.
   (a) Exhibit A – Statement of Work
   (b) Exhibit B – Insurance
   (c) Exhibit C – General Terms and Conditions
   (d) Exhibit D – Professional Services Special Terms & Conditions
   (e) Exhibit E – Compensation Schedule
   (f) Exhibit F – Timeline

IN WITNESS WHEREOF, the authorized parties have executed this Agreement.

CONTRACTOR
HDR Engineering, Inc.
Contractor’s Name (if other than an individual, state whether a corporation, partnership, etc.):
Authorized Signature

Holly Kennedy / Senior Vice President
Printed Name and Title of Person Signing
100 Pringle Ave., Suite 400, Walnut Creek, CA 94596
Address

CITY OF STOCKTON
Harry Black, City Manager

ATTEST:
for
Eliza Garza, City Clerk

APPROVED AS TO FORM:
John M. Luebberke, City Attorney

BY: See Master Approval History

(Rev. 10.30.18)
EXHIBIT A

STATEMENT OF WORK

1. Project Objectives

The City of Stockton hereby invites bids to perform all work necessary for the COST OF SERVICE WATER RATE STUDY FOR THE MUNICIPAL UTILITIES DEPARTMENT.

2. Project Scope

The City of Stockton is a charter city incorporated in 1850. The City is the county seat of San Joaquin County and is located in California’s San Joaquin Valley, 78 miles east of the San Francisco Bay Area, 337 miles of north of Los Angeles and 40 miles south of Sacramento. The County bounded by Sacramento County to the north and by Stanislaus County to the south. Approximately 307,000 residents live in Stockton.

The Stockton Municipal Utilities Department (MUD) seeks to conduct a comprehensive water rate study. The objective of the rate study is to review the department’s operating and capital costs in order to develop a financial plan and cost-based rates for the Department’s water system customers. This study needs to determine the adequacy of the existing water rates and provide the framework and cost basis for any needed future adjustments.

The Department owns and operates a water transmission and distribution system as well as production and treatment from ground and surface water sources. The Department also purchases water from Stockton East Water District (SEWD) to supplement local ground water and surface water resources. The costs associated with providing water supply, plus the costs of distributing water to customers for the system has been developed based on Department provided information and included within the development of the proposed rates.

The study needs to be developed utilizing industry recognized water rate setting principles and methodologies. The report will need to provide the basis for developing and implementing water rates which are cost-based, equitable and defensible to the Department’s customers.
3. **Specifications**

The work product must include water cost of service rate study, rate model and Proposition 218 services for the evaluation of rate impacts from future efforts such as water treatment alternatives, environmental compliance, or other legislative mandates imposed by regulatory agencies. The professional consulting firm shall conduct but not be limited to performing the following services:

- Evaluation of the City's current policies, goals, and objectives of the utilities and development of a "baseline scenario" which will serve as the standard for measuring/evaluating the changes from alternative rate structures, including any changes that will result in typical monthly billings to customers.

- Meetings with City staff for determination of required data collection and analysis.

- Evaluation of current rate classes, conservation surcharges, rate structure and assessment of appropriateness; examination of potential alternatives.

- Determination of a monthly service charge that fully supports operations and maintenance, replacement, capital improvements, and potential debt service costs.

- Review of projected maintenance repair or replacement costs of water utility assets, which will be built into the rate analysis.

- Supply a project schedule for developing the recommended rate structure with identifiable deliverables including any preliminary and final reports.

- Provide an easy-to-use electronic rate model in MS Excel (one workbook) that will be used to evaluate alternative scenarios (one work sheet).

- Prepare any and all necessary reports required by law or otherwise (including but not limited to requirements set forth in California Government Code Section 66001) for the adoption of a recommended rate structure.

- Provide a comparative rate analysis to at least 10 other comparable communities in the Northern San Joaquin Valley.

- Meet or confer with staff and other consultants as needed and attend all public meetings, hearings and work sessions with the City Council and its
Committees to present interim and final recommendations in an effort to obtain input. The following are the expected meetings:

- 1 – Kick-off Meeting
- 4 - Public Outreach (Includes community meetings)
- 4 - Water Advisory Group Meetings/Study Sessions
- 4 - Council Water Committee Meetings/Study Sessions
- 3 - City Council Meetings
- 3 - City Staff Meetings
- 4 - webinar/conference calls (minimum)

- Prepare a water cost of service rate study including evaluation of funding options for water utility maintenance and improvements over the next 5 to 10 years, and any requirements of the current water State and Federal regulations.

- Preparation of a comprehensive final report of the rate study which represents the current rate information and recommended rates over the next 1 to 5 years. In addition, prepare with methodology and supporting analysis, connection fees and rate comparisons, with consideration and recommendations for the 5 to 10-year time frame.

- Incorporate a Long Range Financial Plan for the water fund to the cost of the service rate study.

- Study to incorporate findings/data from the 2020 Urban Water Management Plan.

- Study to reflect changes in the Water Master Plan.

- Provide assistance with public outreach; make outreach recommendations and schedule, including press releases and other media strategies for educating impacted property owners.

- Conduct and coordinate all required mailings and fee notifications to all affected property owners impacted by the proposed changes to the rate structure and/or billing.

- Provide additional assistance as it pertains to any applicable requirements set forth in Proposition 218.

- Prepare Proposition 218 notifications and presentation materials for public
hearings, Water Advisory Group meetings, Council Water Committee meetings, City staff meetings, and Public Outreach.

- Provide ten (10) hard-bound copies of draft Water Rate Study and an electronic version (PDF version) of the Study. Allow the City two (2) weeks to review and provide comments to the draft study.

- Address all City provided comments on the draft study. Provide five (5) hard-bound copies of the Water Rate Study and an electronic version (PDF version) of the Study.

- Any other related services not included, or specifically identified herein.

4. **Major Deliverables**

The City of Stockton uses a qualifications-based selection process in obtaining these services. In order for the City to properly evaluate the Proponents' qualification to perform this work, the proposals shall include, as a minimum, the following information:

A. Evidence of the Proponent's ability to be responsive to this project in regard to timeliness and expertise, including availability of staff proposed to be assigned.

B. The Proponents are encouraged to expand on the Scope of Work to demonstrate their expertise. Evaluation of the proposals will be based on qualifications, the experience of staff proposed to be assigned to the project, references and thoroughness of the proponent's response to the Scope of Services.

C. Such additional information that the Proponent may feel would be pertinent to assist the City of Stockton in making its final decision.

D. Please submit one (1) original and five (5) copies of your proposal/qualifications. Additionally, submit one (1) thumb drive with an electronic version of the proposal. The original should be unbound to allow us to reproduce your proposal, as needed.

5. **Tasks That Support the Deliverables**

(Rev. 10.30.18)
Submit a letter on your company letterhead addressing the proposal and format. The letter should be signed by an officer of the firm authorized to bind the firm to all comments made in the proposal, and shall include the name, address, phone number and e-mail address of the person(s) to contact who will be authorized to represent your firm.

A statement of professional experience and ability.

Provide detailed description outlining your firm’s approach to provide the service. Highlight innovative ideas your firm may have to provide to the City and describe in detail your procedures and management techniques.

Provide a list of references with current contact person, e-mail address and phone number who may be contacted regarding firm performance.

The proponent must be able to demonstrate a good record of performance and have sufficient financial resources to ensure that they can satisfactorily provide the services required herein.

Proponent shall submit a full and detailed presentation of the true condition of the proponent’s assets, liabilities and net worth. The report should include a balance sheet and income statement. If the proponent is a new partnership or joint venture, individual financial statements must be submitted for each general partner or joint venture thereof. If firm is a publicly held corporation, the most current annual report should be submitted.

Any proponent who, at the time of submission, is involved in an ongoing bankruptcy as a debtor, or in a reorganization, liquidation, or dissolution proceeding, or if a trustee or receiver has been appointed over all or a substantial portion of the property of the proponent under federal bankruptcy law or any state insolvency, may be declared non-responsive.

Describe how your firm is organized, noting major divisions and any parent/holding companies, as well as brief history of the firm and all personnel potentially to be involved in the project including all sub-consultants. Designate the Principal in Charge and other key personnel. Include résumés. Also provide a description of the experience your firm has had with similar processes.

Provide detailed basic fee structure and break-down of any other charges related to your firm’s proposal. Finalist’s fee structure may be subject to negotiation.

6. **Internal and External Standards and Guidelines**

The performance of said work and the furnishing of said materials shall be executed in accordance with section 8-1.03 of the City of Stockton Standard
Specifications and Plans as adopted on November 25, 2003, by Council Motion No. 03-0707, effective December 1, 2003, and the provisions of the issued project specifications.

By submitting a bid, bidder represents that the product they propose to furnish shall conform to the standards of bidder's profession. The City shall have the right to reject any product, which does not conform to such standards, and return same, at Vendors' expense, for correction or replacement.

The proposal must be submitted, typewritten on 8½" X 11" white paper and must be bound in a secure manner.

Material and data not specifically requested for consideration, but which the proponent wishes to submit must not appear with the Proposal, but may appear only in an “Additional Data” section. This has specific reference to the following types of data:

Generalized narrative of supplementary information; and

Supplementary graphic material

All proposals must be signed with the full name of the proponent, if an individual; by an authorized general partner, if a partnership; or by an authorized officer, if a corporation.

When proposals are signed by an agent other than an officer of a corporation or a member of a general partnership, a power of attorney authorizing the signature must be submitted with the proposal.

If the proposal is submitted by a partnership or joint venture, the Statement of Personal History attached to the Proposal must be completed by each general partner or joint venture thereof. If the proposal is submitted by a corporation, the Statement must be completed by each principal officer of said corporation.

The original proposal must have wet ink signatures. Modification to a proposal after the proposal submittal deadline will not be accepted by the City.

7. **Criteria of Acceptance for Deliverables**

The City is interested in selecting a qualified firm with the ability to provide WATER COST OF SERVICE RATE STUDY. A key component for the successful firm will be the ability to meet the City's performance desires while minimizing the cost.

(Rev. 10.30.18)
The Evaluation Panel will consist of City of Stockton staff and any other person(s) designated by the City. Following review of the proposals, the Panel may invite one or more proponents to make an oral presentation. During these presentations, the proponent will be allowed to present such information as may be appropriate in order that the Panel can effectively and objectively analyze all materials and documentation submitted as part of the proposals.

Each firm must be represented by an individual who will be the prime contact person to the City and any other individuals whom the firm may select. The highest-rated proposal(s) will then be further scrutinized through financial analysis and reference checks.

To that end, the Panel will evaluate the proposals based on, but not limited to, the following criteria:

1. Proponent's ability to provide all services as outlined in the Scope of Services;
2. Related experience with similar projects, company background and personnel qualifications;
3. Proponent's Fee Schedule: completed and signed (under separate sealed cover);
4. Proponent's Agreement;
5. Non-Collusion Affidavit;
6. References;
7. Any other criteria as best suits the City of Stockton.

8. Notices

Pursuant to Exhibit C – General Terms and Conditions, Paragraph 15 – Notices, the mailing address for all required notices is as follows:

Contractor: ________________________       City: City of Stockton
                                      ________________________       Attn: City Manager
                                      ________________________       425 N. El Dorado Street
                                      ________________________       Stockton, CA 95202

(Rev. 10.30.18)
9. **Key Personnel**

DELTA WATER TREATMENT PLANT

11373 N LOWER SACRAMENTO RD

STOCKTON, CA 95242

10. **Option to Renew.**

NA
NOTE: The City of Stockton is now using the online insurance program PINS Advantage. Once you have been awarded a contract you will receive an email from the City’s online insurance program requesting you to forward the email to your insurance provider(s). Please see attached flyer regarding PINS Advantage.

Exhibit B:  

Insurance Requirements for Consulting Services

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.

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 $1,000,000 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. 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 $1,000,000 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.  
   *(Not required if Consultant provides written verification it has no employees)*

4. Professional Liability (Errors and Omissions) Insurance appropriate to the Consultant’s profession, with limit no less than $1,000,000 per occurrence or claim, $2,000,000 aggregate. (If Claims-made, see below.)

It shall be a requirement under this agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits shall be available to the Additional Insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this
Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named insured; whichever is greater. No representation is made that the minimum insurance requirements of this agreement are sufficient to cover the obligations of the Consultant under this agreement.

**Limits of Insurance**

The limits of insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

**Other Insurance Provisions**

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

**Additional Insured Status**

The City of Stockton, 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 if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 if a later edition is used). Additional insured Name of Organization shall read "City of Stockton, its officers, officials, employees, and volunteers." Policy shall cover City of Stockton, its officers, officials, employees, and volunteers for all locations work is done under this contract.

**Primary Coverage**

The Additional Insured coverage under the Consultant’s policy shall be “primary and non-contributory” and will not seek contribution from the City’s insurance or self-insurance and shall be at least as broad as CG 20 01 04 13. The City of Stockton does not accept endorsements limiting the Consultant’s insurance coverage to the sole negligence of the Named Insured.

**Notice of Cancellation**

Each insurance policy required above shall state that **coverage shall not be canceled, except with notice to the City of Stockton.**
Waiver of Subrogation

Consultant hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City of Stockton 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 the City of Stockton has received a waiver of subrogation endorsement from the insurer. The Workers’ Compensation policy shall be endorsed with a waiver of subrogation in favor of the City of Stockton for all work performed by the Consultant, its employees, agents and subcontractors.

Self-Insured Retentions

All Self-insured retentions must be disclosed to Risk Management for approval and shall not reduce the limits of liability. The City of Stockton may require the Consultant to purchase coverage with a lower retention or 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 City of Stockton.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A:VII, unless otherwise acceptable to the City of Stockton.

Claims Made Policies (note – applicable only to professional liability)

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.
Verification of Coverage

Consultant shall furnish the City of Stockton with original certificates and amendingatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the City of Stockton Risk Services before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant’s obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Consultant shall, prior to the commencement of work under this Agreement, provide the City of Stockton with a copy of its declarations page(s) and endorsement page(s) for each of the required policies.

Subcontractors

Consultants shall require and verify that all subcontractors, or other parties hired for this work, purchase and maintain coverage for indemnity and insurance requirements as least as broad as specified in this agreement to the extent they apply to the scope of the subcontractor’s work with the same certificate of insurance requirements and naming as additional insureds all parties to this contract. Consultant shall include the following language in their agreement with Subcontractors: Subcontractors hired by Consultant agree to be bound to Consultant and City in the same manner and to the same extent as Consultant is bound to City under the contract documents and provide a valid certificate of insurance and the required endorsements included in the agreement as proof of compliance prior to commencement of any work and to include this same requirement for any subcontractors they hire for this work. A copy of the owner contract document indemnity and insurance provisions will be furnished to the subcontractor upon request. Consultant shall provide proof of such compliance and verification to the City upon request.

Special Risks or Circumstances

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

Certificate Holder Address
Proper address for mailing certificates, endorsements and notices shall be:

City of Stockton Attn: City Risk Services
400 E Main Street, 3rd Floor – HR
Stockton, CA  95202
EXHIBIT C
GENERAL TERMS AND CONDITIONS

1. **Goods, Equipment and Services.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to City the services described in Exhibit A of the Agreement. Contractor shall provide said services at the time, place and in the manner specified in Exhibit A of the Agreement.

2. **City Assistance, Facilities, Equipment and Clerical Support.** Except as set forth in Exhibit A, Contractor shall, at its sole cost and expense, furnish and maintain all facilities and equipment that may be required for furnishing services pursuant to this Agreement. If applicable, City shall furnish to Contractor only the facilities and equipment listed in Exhibit A to the Agreement.

3. **Compensation.** City shall pay Contractor for services rendered pursuant to this Agreement as described more particularly in Exhibit A and Exhibit E to the Agreement.

3.1 Invoices submitted by Contractor to City must contain a brief description of work performed, time spent and City reference number. Within thirty (30) days of receipt of Contractor’s invoice, City will review invoice, and if acceptable make payment on approved invoice.

3.2 Upon completion of work and acceptance by City, Contractor shall have sixty (60) days in which to submit final invoicing for payment. An extension may be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Contractor fails or neglects to submit within sixty (60) days, or any extension thereof granted by the City, after the work is accepted by the City.

4. **Sufficiency of Contractor’s Work.** All Contractor services, work, and deliverables shall be performed in a professional manner with due diligence in accordance with the degree of skill normally exercised by similar contractors supplying services and work of a similar nature, and in conformance with applicable laws, codes and professional standards. Contractor’s work shall be performed in accordance with the requirements of this Agreement.

5. **Ownership of Work.** All reports, work product, all other documents completed or partially completed by Contractor or its approved subcontractors, in performance of this Agreement, and if applicable, drawings, designs, and plan review comments shall become the property of the City. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Contractor and its approved subcontractors agree

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to execute any additional documents that may be necessary to evidence such assignment. All materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any materials are lost, damaged or destroyed before final delivery to the City, the Contractor shall replace them at its own expense. Contractor and its approved subcontractors shall keep materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent.

6. **Timeliness.** Time is of the essence in this Agreement. Contractor acknowledges that the failure of Contractor to comply with the time limits described in Exhibits A and F, may result in damages to the City.

7. **Changes.** Both parties to this Agreement understand that it may become desirable or necessary during the term of this Agreement for City to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with City and the change and cost shall be memorialized in a written amendment to the original contract prior to the performance of the additional work. Until the amendment is so executed, City will not be responsible to pay any charges Contractor may incur in performing such additional services, and Contractor shall not be required to perform any such additional services.

8. **Amendment.** No variation of the terms of this Agreement shall be valid unless an amendment is made in writing and signed by both parties.

9. **Contractor’s Status.**

   9.1 In performing the obligations set forth in this Agreement, Contractor shall have the status of an independent contractor and Contractor shall not be considered to be an employee of the City for any purpose. All persons working for or under the direction of Contractor are its agents and employees and are not agents or employees of City. Contractor by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of City. Except as expressly provided in Exhibit A, Contractor has no authority or responsibility to exercise any rights or power vested in the City. No agent, officer or employee of the City is to be considered an employee of the Contractor. It is understood by both Contractor and City that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

   9.2 Contractor shall determine the method, details and means of performing the work and services to be provided by Contractor under this Agreement. Contractor shall be responsible to City only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to City's
control with respect to the physical action or activities of Contractor in fulfillment of this Agreement. Contractor has control over the manner and means of performing the services under this Agreement. If necessary, Contractor has the responsibility for employing other persons or firms to assist Contractor in fulfilling the terms and obligations under this Agreement.

9.3 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Contractor.

9.4 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's assigned personnel under the terms and conditions of this Agreement.

10. **Subcontractor.**

10.1 Subcontractors shall not be recognized as having any direct or contractual relationship with City. Contractor shall be responsible for the work of subcontractors, which shall be subject to the provisions of this Agreement. Subcontractors will be provided with a copy of the Agreement and be bound by its terms. Contractor is responsible to City for the acts and omissions of its subcontractors and persons directly or indirectly employed by them.

10.2 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages working conditions, discipline, hiring, and discharging or any other term of employment or requirement of law shall be determined by Contractor.

10.3 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's personnel.

11. **Termination.**

11.1 **Termination for Convenience of City.** The City may terminate this Agreement at any time by mailing a notice in writing to Contractor. The Agreement shall then be deemed terminated, and no further work shall be performed by Contractor. If the Agreement is so terminated, the Contractor shall be paid for the work actually completed at the time the notice of termination is received.

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11.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party, but only after providing the other party written notice of the default or breach and 30 days to cure. If the default or breach is not cured within the 30-day cure period, the Agreement is terminated effective immediately.

11.3 Funding- Non-Appropriation. It is mutually understood between the Parties that payment to the Contractor for performance shall be dependent upon the availability of appropriations by the City Council for the purposes of this Agreement. No legal liability on the part of the City for any payment may arise under this Agreement until funds are made available and until the Contractor has received funding availability, which will be confirmed in writing. If funding for any fiscal year is reduced or deleted, or if the City loses funding for any reason, the City, in its sole discretion, shall have the option to either (a) cause this Agreement to be canceled or terminated pursuant to applicable provisions of the Agreement; or (b) offer to amend the Agreement to reflect the reduced funding for this Agreement.

12. Non-Assignability. The Contractor shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, and then only upon such terms and conditions as City may set forth in writing. Contractor shall be solely responsible for reimbursing subcontractors.

13. Indemnity and Hold Harmless. To the fullest extent permitted by law, Contractor shall hold harmless, defend at its own expense, and indemnify the City of Stockton, its officers, employees, agents, and volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees, arising from the negligent acts, errors or omissions, recklessness, or willful misconduct of contractor or its officers, agents, or employees in rendering services under this contract. The duty to defend and the duty to indemnify are separate and distinct obligations. The indemnification obligations of this section shall survive the termination of this agreement.

14. Insurance. During the term of this Agreement, Contractor shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached Exhibit B to this Agreement and shall otherwise comply with the other provisions of Exhibit B to this Agreement.

15. Notices. All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed in Exhibit A to this Agreement.

16. Conformance to Applicable Laws. Contractor shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Contractor shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color, national origin, ancestry, sex or religion of such person.
17. **Licenses, Certifications and Permits.** Prior to the City’s execution of this Agreement and prior to the Contractor’s engaging in any operation or activity set forth in this Agreement, Contractor shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Contractor covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement. Such licenses, certificates and permits shall be maintained in full force and effect during the term of this Agreement.

18. **Records and Audits.**

Contractor shall maintain all records regarding this Agreement and the services performed for a period of three (3) years from the date that final payment is made. At any time during normal business hours, the records shall be made available to the City to inspect and audit. To the extent Contractor renders services on a time and materials basis, Contractor shall maintain complete and accurate accounting records, in a form prescribed by City or, if not prescribed by City, in accordance with generally accepted accounting principles, such records to include, but not be limited to, payroll records, attendance cards, time sheets, and job summaries.

19. **Confidentiality.** Contractor shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions.

20. **Conflicts of Interest.** Contractor covenants that other than this Agreement, Contractor has no financial interest with any official, employee or other representative of the City. Contractor and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Contractor’s services under this Agreement. If such an interest arises, Contractor shall immediately notify the City.

21. **Waiver.** In the event either City or Contractor at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation. No payment, partial payment, acceptance, or partial acceptance by City shall operate as a waiver on the part of City of any of its rights under this Agreement.

22. **Governing Law.** California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the Federal District Court of California, Eastern District, Sacramento Division.

23. **No Personal Liability.** No official or employee of City shall be personally liable
to Contractor in the event of any default or breach by the City or for any amount due Contractor.

24. **Severability.** If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or city statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

25. **Non-Discrimination.** During the performance of this Agreement, Contractor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state, or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, sex or sexual orientation, family and medical care leave, pregnancy leave, or disability leave. Contractor and its officers, employees, agents, representative or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the City's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12990 (et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulation or Code of Federal Regulations. Title VI of the Civil Rights Act of 1964 requires that "no person in the United States shall, on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." (42 USC Section 2000d). [http://www.dol.gov/oasam/regs/statutes/titlevi.htm](http://www.dol.gov/oasam/regs/statutes/titlevi.htm). The City requires compliance with the requirements of Title VI in all of its programs and activities regardless of funding source.

26. **Force Majeure.** Neither party shall be responsible for delays or failures in performance resulting from acts of God, acts of civil or military authority, terrorism, fire, flood, strikes, war, epidemics, pandemics, shortage of power or other acts or causes reasonably beyond the control of that party. The party experiencing the force majeure event agrees to give the other party notice promptly following the occurrence of a force majeure event, and to use diligent efforts to re-commence performance as promptly as commercially practicable.

27. **Taxes and Charges.** Contractor shall be responsible for payment of all taxes, fees, contributions or charges applicable to the conduct of the Contractor's business.

28. **Cumulative Rights.** Any specific right or remedy provided in this Agreement will
not be exclusive but will be cumulative of all other rights and remedies to which may be legally entitled.

29. **Advice of Attorney.** Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

30. **Heading Not Controlling.** Headings used in this Agreement are for reference purposes only and shall not be considered in construing this Agreement.

31. **Entire Agreement, Integration, and Modification.**

   31.1 This Agreement represents the entire integrated agreement between Contractor and the City; supersedes all prior negotiations, representations, or agreements, either written or oral between the parties and may be amended only by a written Amendment signed by the Contractor and City Manager.

   31.2 All Exhibits to this Agreement and this Agreement are intended to be construed as a single document.

32. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

33. **Authority.** The individual(s) executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.
EXHIBIT D

PROFESSIONAL SERVICES SPECIAL TERMS AND CONDITIONS

1. **Definitions.** The following words and phrases have the following meanings for purposes of this Agreement:

   1.1 "Services" means, collectively, the services, duties and responsibilities described in Exhibit A of this Agreement and any and all work necessary to complete them or carry them out fully and to the standard of performance required in this Agreement.

   1.2 "Deliverable" means quantifiable goods or services that will be provided upon completion of a project. A deliverable is any tangible material, work or thing delivered by one party to the other, including associated technical documentation. A deliverable can be tangible or intangible parts of the development process, and often are specified functions or characteristics of the project.

2. **General.** The following terms and conditions are applicable for the Professional Services only. The special conditions shall be read in conjunction with the Standard Agreement, General Terms and Conditions ("GTC") Exhibit C, and all other Exhibits identified in the Standard Agreement.

   2.1 Where any portion of the GTC is in conflict to or at variance with any provisions of the Special Conditions of the Agreement, then unless a different intention stated, the provision(s) of the Special Conditions of the Agreement shall be deemed to override the provision(s) of GTC only to the extent that such conflict or variations in the Special Conditions of the Agreement are not possible of being reconciled with the provisions of the GTC.

   2.2 In the case of modification of a part or provision of the GTC, the unaltered part or provision, or both shall remain in effect. The Special Conditions shall relate to a particular project and be peculiar to that project but shall not weaken the character or intent of the GTC.

3. **Time for Performance.**

   3.1 Contractor shall perform the services according to the schedule contained in Exhibit F.

   3.2 Timeliness of Performance i) Contractor shall provide the Services, and Deliverables within the term and within the time limits required under this Agreement, pursuant to the provisions of Exhibit A and Exhibit F. ii) Neither Contractor nor Contractor's agents, employees nor subcontractors are entitled to any damages from the City, nor is any party entitled to be reimbursed by the City, for damages, charges, or other losses or expenses incurred by Contractor by reason of delays or hindrances in

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the performance of the Services whether or not caused by the City. Notwithstanding subsection (i) and (ii), Contractor shall be provided an equitable adjustment to its schedule for performance for delays caused by City.

4. **Standard of Performance**

In addition to Exhibit C, Section 4 and 17, Contractor agrees as follows:

4.1 Contractor’s Services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Contractor’s profession currently practicing under similar conditions. Contractor shall comply with the profession’s standard of performance, applicable laws, regulations, and industry standards. By delivery of completed work, Contractor certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. If Contractor is retained to perform services requiring a license, certification, registration or other similar requirement under California law, Contractor shall maintain that license, certification, registration or other similar requirement throughout the term of this Agreement.

4.2 Contractor acknowledges that it is entrusted with or has access to valuable and confidential information and records of the City and with respect to that information, Contractor agrees to hold such information confidential as allowed by law and to perform its duties under the contract, including handling of this information, in accordance with the standards applicable to other like professionals and/or the industry. Contractor shall assure that all services that require the exercise of professional skills or judgment are accomplished by professionals qualified and competent in the applicable discipline and appropriately licensed, if required by law. Contractor must provide copies of any such licenses. Contractor remains responsible for the professional and technical accuracy of all Services or Deliverables furnished, whether by Contractor or its subcontractors or others on its behalf. All Deliverables must be prepared in a form and content satisfactory to the Using Agency required by this Agreement and delivered in a timely manner consistent with the requirements of this Agreement.

4.3 If Contractor fails to comply with the foregoing standards, Contractor must perform again, at its own expense, all Services required to be re-performed as a direct or indirect result of that failure. Any review, approval, acceptance or payment for any of the Services by the City does not relieve Contractor of its responsibility for the professional skill and care and technical accuracy of its Services and Deliverables. This provision in no way limits the City’s rights against Contractor either under this Agreement, at law or in equity.

5. **Compensation**

5.1 In addition to Section 3 Compensation in Exhibit C – GTC, the Contractor
shall be compensated for the services provided under this Agreement as follows:

5.1.1 Contractor shall be compensated for services rendered and accepted under this Agreement and shall be paid monthly, in arrears on a not to exceed basis, based upon the rates set forth in Exhibit E attached hereto and made a part of this Agreement. Contractor may vary the compensation for each task in Exhibit E provided that the total project compensation listed in Exhibit E and the Standard Agreement is not exceeded.

6. **Personnel**

6.1 None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the City. Any work or services subcontracted hereunder shall be specified by written agreement and shall be subject to each provision of this Agreement. Contractor shall provide subcontractor a copy of this fully executed Agreement.

6.2 Contractor agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services under this Agreement. Failure to assign such competent personnel shall constitute grounds for termination of this Agreement. The payment made to Contractor pursuant to this Agreement shall be the full and complete compensation to which Contractor and Contractor's officers, employees, agents, and subcontractors are entitled for performance of any work under this Agreement. Neither Contractor nor Contractor's officers or employees are entitled to any salary or wages, or retirement, health, leave or other fringe benefits applicable to employees of the City. The City will not make any federal or state tax withholdings on behalf of Contractor. The City shall not be required to pay any workers' compensation insurance on behalf of Contractor. Contractor shall pay, when and as due, any and all taxes incurred as a result of Contractor's compensation hereunder, including estimated taxes, and shall provide City with proof of such payments upon request.

6.3 **Key Personnel:** Because of the special skills required to satisfy the requirements of this Agreement, Contractor shall not reassign or replace key personnel without the written consent of the City, which consent the City will not unreasonably withhold. "key personnel" means those job titles and the persons assigned to those positions in accordance with the provisions of this Agreement. The City may at any time in writing notify Contractor that the City will no longer accept performance of Services under this Agreement by one or more Key Personnel listed. Upon that notice Contractor shall immediately suspend the services of the key person or persons and must replace him or them in accordance with the terms of this Agreement. A list of key personnel is found in Exhibit A, Scope of Services.

7. **Reports and Information**

Contractor shall at such times and in such forms as the City may require furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters are covered by this Agreement as specified in Exhibit A and Exhibit E.

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8. **Findings Confidential**

All of the reports, information, data, et cetera, prepared or assembled by the Contractor under this Agreement are confidential and the Contractor agrees that they shall not be made available to any individual or organization without the prior written approval of the City. Contractor shall not be required under the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is required by applicable law or by proper legal or governmental authority, is already rightfully in the Contractor’s possession without obligation of confidentiality, is independently developed by Contractor outside the scope of this Agreement or is rightfully obtained from third parties. Contractor shall give City prompt notice of any such legal or governmental demand and reasonably cooperate with City in any effort to seek a protective order or otherwise to contest such required disclosure.

9. **Copyright**

No materials, including but not limited to reports, maps, or documents produced as a result of this Agreement, in whole or in part, shall be available to Contractor for copyright purposes. Any such materials produced as a result of this Agreement that might be subject to copyright shall be the property of the City and all such rights shall belong to the City, and the City shall be sole and exclusive entity who may exercise such rights.

10. **Deliverables**

Contractor shall prepare or provide to the City various Deliverables. "Deliverables" include work product, such as written reviews, recommendations, reports and analyses, produced by Contractor for the City. The City may reject Deliverables that do not include relevant information or data, or do not include all documents or other materials specified in this Agreement or reasonably necessary for the purpose for which the City made this Agreement or for which the City intends to use the Deliverables. If the City determines that Contractor has failed to comply with the foregoing standards, it has 30 days from the discovery to notify Contractor of its failure. If Contractor does not correct the failure, or if it is possible to do so, within 30 days after receipt of notice from the City specifying the failure, then the City, by written notice, may treat the failure as a default of this Agreement. Partial or incomplete Deliverables may be accepted for review only when required for a specific and well-defined purpose and when consented to in advance by the City. Such Deliverables will not be considered as satisfying the requirements of this Agreement and partial or incomplete Deliverables in no way relieve Contractor of its commitments under this Agreement.
EXHIBIT E
COMPENSATION SCHEDULE

The Contractor shall be compensated for the services identified in Exhibit A, Exhibit C, and Exhibit D to this Agreement as follows:

1. **Project Price**

   1.1 The maximum the Contractor shall be paid on this Agreement is $99,965 (hereafter the "not to exceed" amount). The "not to exceed" amount includes all payments to be made pursuant to this Agreement, including City approved reimbursable expenses, if any. Nothing in this Agreement requires the City to pay for work that does not meet the Standard of Performance identified in Exhibit D section 4 or other requirements of this Agreement.

   1.2 **Standard Reimbursable Items:** Only the reimbursable items identified in Exhibit A, C, and D (Compensation), shall be compensated to the Contractor. Reimbursable expenses will be reimbursed without markup. Fees plus reimbursable expenses shall not exceed the amount set forth in section 1.1 of this Exhibit and a copy of the original invoice for the items listed in i, ii or iii below shall be attached to the invoice submitted to the City for reimbursement. Payments shall be based upon work documents submitted by the Contractor to the City and accepted by the City as being satisfactory to City's needs. The City shall not pay a markup on any of the items listed in i, ii or iii. Additionally, items such a telephone, fax, postage or freight are already included in the billable hourly rate. Contractor shall be reimbursed the direct expenses, which are the actual cost of the following items that are reasonable, necessary and actually incurred, by the Contractor in connection with the services:

   i. Expenses, fees or charges for printing, reproduction or binding of documents at actual costs with no markup added to the actual cost.

   ii. Any filing fees, permit fees, or other fees paid or advanced by the Contractor at actual costs with no markup added to the actual cost.

   iii. Travel expenses shall be reimbursed in accordance with the City's travel policy, which is incorporated herein by reference. Reimbursement shall be made at actual costs with no markup added to the actual cost.

1.3 The Contractor shall be entitled to receive payments for its work performed pursuant to the Agreement. The City will pay Contractor based on invoices for acceptable work performed and approved until the "not to exceed" amount is reached. Thereafter, Contractor must complete services based on the Agreement without additional compensation unless there is a material change to the Statement of Work and Scope by a written Amendment.
1.4 If work is completed before the "not to exceed" amount is reached, the Contractor's compensation will be based on the Contractor's invoices previously submitted for acceptable work performed and approved.

1.5 Subcontractor Costs: Compensation for subcontractors shall be limited to the same restrictions imposed on the Contractor. Maximum markup Contractor may apply to subcontractor fees, minus reimbursable expenses, shall not exceed ___0___%.
2. **Task Price.** Below is the price for the services and reimbursable expenses as described in Exhibit A of this Agreement.

   The Stockton Municipal Utilities Department (MUD) seeks to conduct a comprehensive water rate study. The objective of the rate study is to review the department's operating and capital costs in order to develop a financial plan and cost-based rates for the Department’s water system customers. This study needs to determine the adequacy of the existing water rates and provide the framework and cost basis for any needed future adjustments.

   The study needs to be developed utilizing industry recognized water rate setting principles and methodologies. The report will need to provide the basis for developing and implementing water rates which are cost-based, equitable and defensible to the Department’s customers.

2. **Invoice to Address.** Each invoice submitted shall identify the specific task(s) listed in Exhibit A and this Exhibit, and the completed work product/deliverable for the agreed upon price listed in this Exhibit. Invoices shall be submitted to the below address:

   City of Stockton MUD Department
   Attention: Delta Water Treatment Plant
   11373 N Lower Sacramento RD
   Lodi, CA 95424
EXHIBIT F

TIMELINE

1. Consultant shall complete the requested services identified in Exhibit A as follows:

1.1 TIMELINE FOR COMPLETION OF WORK

Below are estimated start and completion dates. This list is NOT an all
comprehensive list:

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Start</th>
<th>Finish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kick Off Meeting</td>
<td>Thu 5/7/20</td>
<td>Thu 5/7/20</td>
</tr>
<tr>
<td>Vendor - Policy Review, Data Analysis, Cost of Service Analysis, Rate Design, Baseline &amp; Alternatives</td>
<td>Fri 5/1/20</td>
<td>Fri 10/30/20</td>
</tr>
<tr>
<td>Vendor - Final Recommendations</td>
<td>Mon 11/2/20</td>
<td>Tue 12/1/20</td>
</tr>
<tr>
<td>WAG (Info)</td>
<td>Tue 10/20/20</td>
<td>Mon 11/16/20</td>
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<tr>
<td>CWC (Info)</td>
<td>Tue 12/1/20</td>
<td>Mon 12/7/20</td>
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<tr>
<td>WAG Study Session</td>
<td>Tue 12/8/20</td>
<td>Mon 12/14/20</td>
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<td>Mon 3/29/21</td>
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<tr>
<td>Public meeting</td>
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<td>Mon 5/3/21</td>
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(Rev, 10.30.18)
I. PURPOSE

The purpose of this policy is to reaffirm the City’s commitment to demonstrating respect for all individuals by strictly prohibiting discrimination and harassment, including sexual harassment in the workplace. This policy defines prohibited behavior and conduct, and sets forth a procedure for reporting, investigating and resolving complaints of discrimination, harassment, in the workplace, including retaliation and hostile work environment.

II. POLICY

A. The City of Stockton prohibits any form of discrimination and/or harassment of any person based on race, religious creed, color, national origin, ancestry, military and veterans status, physical or mental disability, medical condition, genetic characteristics or information, denial of family and medical leave, marital status, sexual orientation, sex (including gender, gender identity, gender expression, transgender, pregnancy, childbirth and breastfeeding), political affiliation, age (40 and older), concerted labor activity, or any other category or attribute consistent with state or federal law. All such discrimination and harassment is unlawful and shall not be tolerated. In addition, under the federal Affordable Care Act (ACA), the City of Stockton prohibits discrimination and/or harassment, or retaliation against an employee who obtains coverage, receives a tax credit or subsidy through the Health Care “Market Place” or “Exchange.”

B. It is an unlawful employment practice to discriminate against or to harass an unpaid intern or volunteer on the basis of any legally protected classification unless an exception applies, such as a bona fide occupational qualification.

C. The City will neither tolerate nor condone discrimination and/or harassment of employees by managers, supervisors, co-workers, or non-employees with whom City employees have a business service, or professional relationship.

D. All City employees and non-employees share a responsibility to assist in
CITY OF STOCKTON, CALIFORNIA
CITY MANAGER ADMINISTRATIVE DIRECTIVE

Subject: DISCRIMINATION AND HARASSMENT POLICY

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Effective Date:

(see below)

PER-016 (Sexual Harassment in the Workplace) revised from 10/21/84, 5/1/85, 1/1/90
PER-037 (Sexual Harassment Investigative Procedures) revised from 2/15/93

maintaining an employment environment free of discrimination and harassment. This policy applies to all aspects of City employment, including, but not limited to, hiring, reassignment, placement, promotion, employment action, disciplinary action, layoff, reemployment, transfer, leave of absence, compensation and benefits, training; or other terms of treatment of that person in an unpaid internship, or another limited duration program to provide unpaid work experience for that person, or the harassment of an unpaid intern or volunteer.

E. All allegations of discrimination and/or harassment shall be investigated immediately by the City, in accordance with this policy. If it is determined that any prohibited activity has occurred, remedial action shall be taken. Such action may include discipline up to and including discharge. In addition, under applicable law, individual supervisors and employees may be subject to personal liability and/or punitive damages in any litigation arising as a result of such conduct.

F. All new hires shall attend harassment awareness training, and supervisors and managers shall attend harassment awareness and prevention training for supervisors every two years.

G. The City of Stockton prohibits retaliation against any employee or non-employee by another employee, non-employee, supervisor, or manager for reporting, filing, testifying, assisting or participating in any manner in any investigation, proceeding, or hearing conducted by the employer or a federal or state enforcement agency.

H. This policy applies to all officials, employees, volunteers, unpaid interns, agents, or contractors of the City.

I. This policy shall be administered by the Director of Human Resources.
III. DEFINITION AND EXAMPLES OF DISCRIMINATION AND HARASSMENT

A. "Discrimination," as used in this policy, is any action, behavior, practice, or process that is intended to deny, or results in the denial of, employment rights, privileges, or benefits because of a person's race, religious creed, color, national origin, ancestry, military and veterans status, physical or mental disability, medical condition, genetic characteristics or information, denial of family and medical care leave, marital status, sexual orientation, sex (including gender, gender identity, gender expression, transgender, pregnancy, childbirth and breastfeeding), political affiliation, age (40 and older), concerted labor activity, or any other prohibition identified under state and federal law. The following are examples of conduct that may constitute discrimination:

1. Soliciting applications from a source where all or most of potential workers are of the same race or color.

2. Considering a person's gender as the basis for differences in pay, work assignments, performance evaluations, training, discipline, or any other area of employment; and

3. Questioning a job applicant about the existence, nature and severity of a disability.

B. "Harassment," as used in this policy, consists of any conduct affecting another person because of his or her race, religious creed, color, national origin, ancestry, military and veterans status, physical or mental disability, medical condition, genetic characteristics or information, denial of family and medical care leave, marital status, sexual orientation, sex (including gender, gender identity, gender expression, transgender, pregnancy, childbirth and breastfeeding), political affiliation, age (40 and older), concerted labor activity, or any other category or attribute identified under state and federal law when such conduct has the purpose or the effect of: (1) creating an intimidating, hostile or offensive work environment; (2) unreasonably interfering with the employee's or non-employee's work performance; or (3)
otherwise adversely affecting an employee’s or non-employee’s employment opportunities.

Harassment may take many forms, including, but not limited to, the following examples:

1. **Verbal Harassment**: Epithets, derogatory and offensive comments or slurs based on race, religion, color, national origin, ancestry, physical or mental disability, marital status, pregnancy, medical condition, gender, sexual orientation, political affiliation, age, or any other category or attribute identified under state and federal law.

2. **Physical Harassment**: Assault, impeding or blocking movement that results in the physical interference with normal work or movement on the basis of race, religion, color, national origin, ancestry, physical or mental disability, marital status, pregnancy, medical condition, gender, sexual orientation, political affiliation, age, or any other category or attribute identified under state and federal law.

3. **Visual Harassment**: The displaying of posters, photography, notices, bulletins, e-mails, cartoons or drawings with derogatory and offensive content based on race, religion, color, national origin, ancestry, physical or mental disability, marital status, pregnancy, medical condition, gender, sexual orientation, political affiliation, age, or any other category or attribute identified under state and federal law.

C. “Sexual harassment,” as used in this policy, is a subcategory of harassment, and is specifically defined by law as unwanted sexual advances, requests for sexual favors or visual, verbal or physical conduct of a sexual nature when:

1. Submission to such conduct is made a term or condition of employment; or

2. Submission to or rejection of such conduct is used as a basis for employment decisions affecting the individual; or
3. Such conduct has the purpose or effect of unreasonably interfering with an employee’s or non-employee’s work performance or creating an intimidating, hostile or offensive working environment because of the persistent, severe or pervasive nature of the conduct.

Examples of Sexual Harassment include, but are not limited to the following:

a. Unwelcome sexual overtures or propositions.

b. Offering employment benefits or status in exchange for sexual favors.

c. Making or threatening retaliation after a negative response to sexual advances.

d. Visual conduct such as leering, making sexual gestures, displaying sexually suggestive objects or pictures, cartoons, calendars or posters.

e. Verbal conduct such as using epithets or slurs, telling sexually explicit jokes, or making derogatory or suggestive comments about a person’s body or dress.

f. Written communications of a sexual nature distributed in hard copy, soft copy or via a computer network.

g. Verbal abuse of a sexual nature, graphic verbal commentary about an individual’s body, sexually degrading words to describe an individual, suggestive or obscene letters, notes or invitations.

h. Physical conduct such as touching, assaulting, impeding or blocking movements.
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4/6/09
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PER-015 (Sexual Harassment in the Workplace) revised from 10/21/94, 5/1/95, 1/1/98
PER-037 (Sexual Harassment Investigative Procedures) revised from 2/15/93

i. Retaliation for making harassment reports or threatening to report harassment.

D. Affordable Care Act (ACA) Anti-Retaliation

Pursuant to section §1558 of the Affordable Care Act, the City prohibits discrimination or retaliation towards any employee who:

1. Receives a health insurance tax credit or subsidy through the Health Care “Marketplace” or “Exchange”, by which can trigger a penalty payable by the employer;
2. Reports potential violations of protections afforded under Title I of the Act, which provides guaranteed availability protections among other things;
3. Testifies in a proceeding concerning such violation;
4. Assists or participates in a proceeding concerning a violation; or
5. Objects to, or refuses to participate in, any activity, policy, practice, or assigned task that the employee reasonably believes to be in violation of any provision of the Title I of the Act.

An employee who believes that he or she has been discharged or otherwise discriminated against in violation of section §1558 of the Affordable Care Act may seek relief in accordance with the procedures, notifications, burdens of proof, remedies, and statutes of limitation set forth in section 2087(b) of title 15, United States Code.

IV. REPORTING AND COMPLAINT PROCEDURES

A. Immediate Action Required

The City's reporting and complaint procedures provide for an immediate, thorough and objective investigation of discrimination or harassment claims, appropriate disciplinary action taken against any person found to have engaged in prohibited behavior, and appropriate alternative remedies to any
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PER-015 (Sexual Harassment in the Workplace) revised from 10/21/94, 5/1/95, 1/1/96
PER-037 (Sexual Harassment Investigative Procedures) revised from 2/15/93

employee or non-employee subject to discrimination or harassment. To accomplish this, such incidents must be reported immediately to a supervisor or manager.

1. Employee's and Non-Employee's Responsibilities when Subjected to Discrimination and/or Harassment

a. Employees or non-employees who believe they have been subjected to discrimination or harassment, or are aware of discrimination or harassment against others, shall report the situation immediately to his/her supervisor or manager, except as specified in subsection (b), below. Employees and non-employees shall report any such incidents occurring in the workplace, whether committed by coworkers, supervisors or managers, or third persons doing business with the City, such as customers or vendors, or other non-employees. If comfortable doing so, an employee or non-employee who has a complaint of discrimination or harassment is encouraged to directly inform the person(s) engaging in the behavior that such conduct is offensive and insist the behavior to stop.

b. Employees and non-employees must immediately contact a supervisor or manager to register a complaint of discrimination or harassment, unless that supervisor or manager is the individual engaging in the unwanted behavior. In that case, the employee or non-employee may contact someone at the next supervisory level. If the employee or non-employee feels uncomfortable dealing directly with his or her immediate supervisor or manager, he or she may contact the department head, or the Director of Human Resources (or either of their designees) to register a complaint of discrimination or harassment.

c. Employees and non-employees may file a formal complaint of harassment or discrimination with their department head or
with Human Resources. To assist the City in conducting a thorough investigation, complaints shall be submitted in writing and shall include specific details of the incident(s), the names of the individuals involved, the names of any witnesses, and any documentary evidence (notes, pictures, cartoons, etc.) that will corroborate the allegations.

d. Employees and non-employees shall immediately report any retaliation to a supervisor, manager, department head or Director of Human Resources (or designee). All retaliation complaints shall be immediately, objectively and thoroughly investigated in accordance with the investigation procedures. If a report of retaliation is substantiated, appropriate disciplinary action, up to and including discharge shall be taken.

2. Supervisor's or Manager's Responsibilities to Eliminate Discrimination and/or Harassment

a. A supervisor or manager is responsible for enforcing the City's discrimination and harassment policy. Supervisors or managers must ensure that all employees and non-employees are aware of the City's policy through open discussion of the policy at staff meetings and by posting the policy in a conspicuous location accessible to all staff members.

b. A supervisor or manager shall be cognizant of employees' and non-employees' behavior and shall not permit any employee or non-employee under their supervision to be subjected to or engage in any conduct prohibited by this policy.

c. A supervisor or manager who observes conduct prohibited by this policy shall immediately direct the employee or non-employee to cease the conduct.
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PER-015 (Sexual Harassment in the Workplace) revised from 10/2/84, 6/1/95, 1/1/98
PER-037 (Sexual Harassment Investigative Procedures) revised from 2/15/83

d. A supervisor or manager who receives a complaint of prohibited conduct is required to take the complaint seriously, and report the matter immediately to the department head; be supportive of the complainant; ensure there is no retaliation against the complainant; conduct an internal fact-finding review into the allegations; obtain as much detailed information as possible; thoroughly document the findings; communicate in written form to the parties the resolution of the complaint; and report to and consult with the Human Resources Department promptly, without delay.

B. Confidentiality. The City will make every effort to protect the privacy and confidentiality of all parties involved, as well as any information and/or documentation obtained, to the extent possible consistent with a thorough investigation.

C. Penalty for Non-Compliance. The City shall take disciplinary action, up to and including discharge, against any supervisor or manager who fails in his/her responsibility to take immediate action in response to an employee's or non-employee's complaint of discrimination or harassment. Further, such disciplinary action shall be taken against a supervisor or manager who fails to stop discriminatory or harassing conduct committed in his/her presence or to stop such conduct about which the supervisor or manager has knowledge.

V. INVESTIGATION PROCEDURES

A. Determination of Responsibility for Investigation

If a formal complaint is filed with the department head or the Director of Human Resources (or either of their designees), the department head and the Director of Human Resources shall consult with one another to determine whether the department or Human Resources shall conduct the fact-finding investigation into the allegations. Either the department head or the Director of Human Resources (or either of their designees), depending on who is
responsible for the investigation, shall issue written notification to the complainant and alleged harasser(s). The notification shall specify the nature of the complaint, and inform the parties that an investigation into the allegations of discrimination and/or harassment shall be conducted.

B. **Investigative Guidelines**

The investigation shall include the following steps taken in the order best suited to the circumstances:

1. Identify and preserve the evidence.
2. Confirm the name and position of the complainant. Interview the complainant.
3. Allow the complainant the opportunity to place the complaint in writing.
4. Obtain the identity of the alleged harasser(s).
5. Obtain as many details as possible regarding the incident(s) that prompted the complaint, including the number of occurrences, dates, times, locations, and witnesses (if applicable).
6. Ascertain how the complainant felt about the alleged incident when it occurred; complainant's response(s) to the alleged behavior; and witness statements (if applicable).
7. Ascertain if any threats or promises were made in connection with the alleged harassment.
8. Ascertain if the complainant knows of or suspects that there are other victims of harassment by the same person(s).
9. Ascertain whether the complainant has spoken to anyone, especially
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supervisors, about the harassment.

10. Ascertain what resolution would be acceptable to the complainant.

11. Interview the alleged harasser to get his or her side of the story, including any possible motivation for a false allegation.

12. Interview witnesses who were identified by the complainant regarding the alleged harasser or other persons identified during the investigation.

13. Interview witnesses who were identified by the alleged harasser or other persons identified during the investigation.

14. Advise all participants that the investigation is "confidential" and not to engage in any retaliatory conduct, as such conduct is subject to disciplinary action up to and including discharge. Confidentiality will be maintained to the extent possible. An individual who is interviewed during the course of an investigation is prohibited from discussing the substance of the interview, except as otherwise directed by a supervisor or the Director of Human Resources. Any individual who discusses the content of an investigatory interview will be subject to discipline or other appropriate sanction.

15. Conduct follow-up interviews, if warranted.

16. Prepare report of findings and discuss with management and designated legal staff.

VI. RESPONDING TO THE COMPLAINT

A. Following the completion of the fact-finding investigation, either the department head or the Director of Human Resources (or either of their designees), depending on who is responsible for the investigation, shall
make a report of findings, along with a recommendation regarding the appropriate remedial action to be taken, if warranted. The recommendation shall be made after reviewing the findings of the investigation, giving consideration to all factual information, the nature of the alleged conduct, and the totality of the circumstances. If the investigation was conducted by the Director of Human Resources, or designee, the Director, or designee, shall confer with the affected department head and both shall concur on the remedial action to be taken, if any. If the investigation was conducted by the department head, the department head shall confer with the Director of Human Resources prior to making the report of findings and both shall concur on the remedial action to be taken, if any.

B. If either the department head or the Director of Human Resources does not concur with the findings and recommendation of the other, the City Attorney (or designee) shall review and resolve the matter in dispute.

C. Report of findings and recommendation shall be treated as a confidential document and no other distribution shall be made without first consulting with the City Attorney’s Office. A completed investigation report will not be disclosed, except as it is deemed necessary to support a disciplinary action, to take remedial action, to defend the City in adversarial proceedings, or to comply with the law or court order.

D. Either the department head or the Director of Human Resources (or either of their designees), depending on who is responsible for the investigation shall provide a written response to the complainant and the person alleged to have committed the misconduct, discrimination and/or harassment. The response shall include a copy of the City’s discrimination and harassment policy and a memorandum indicating the City’s determination as to whether the complaint is:

1. Unsustained: The investigation failed to disclose sufficient evidence to substantiate the allegation(s).

2. Unfounded: The investigation proved that the act(s) or omission(s)
complained of did not occur. The finding also applies when the
individual employee(s) named in the complaint were not involved in
the act(s) or omission(s) alleged.

3. **Sustained:** The investigation disclosed sufficient evidence to
substantiate the allegation(s) made in the complaint; appropriate
action will be taken.

E. Details regarding any specific fact-findings or disciplinary action to be taken
will not be communicated to the complainant. The City Attorney shall review
the response for legal sufficiency before dissemination.

F. The City shall close and retain the investigation file, in accordance with
applicable laws, regulations, and City policy regarding retention of City
records.

**VII. DISCIPLINE**

Disciplinary action imposed as a result of any investigation conducted pursuant to
this policy shall be commensurate with the severity of the offense, up to and
including discharge, even for a first offense.

**VIII. ALTERNATIVE REMEDIES**

If upon exhausting all internal remedies to file, investigate, and respond to a
charges of discrimination/harassment, pursuant to title VII of the Federal Civil Rights
Act of 1964 (42 U.S.C §§ 2000e *et seq.*), any person has a right to file a charge of
discrimination/harassment with the Equal Employment Opportunity Commission
(“EEOC”). In addition, pursuant to the California Fair Employment and Housing Act
(Gov. Code §§ 12900 – 12996.) a person may also file a complaint of
discrimination/harassment with the California Department of Fair Employment and
Housing (“DFEH”). Employees or non-employees who believe that they have been
subjected to discrimination/harassment may file a complaint with either of these
agencies. Both the EEOC and DFEH serve as neutral fact-finders and attempt to assist parties in resolving disputes voluntarily.

IX. COMMUNICATION OF POLICY

This policy shall be provided to all managers, supervisors, employees, volunteers, unpaid interns, agents or contractors of the City and shall be posted in the appropriate places. All employees shall participate in City approved harassment awareness training as directed by management or Human Resources; and all supervisors, as required by law, shall participate in City approved interactive harassment awareness training and education sessions at least once every two years, or as otherwise specified by law.

APPROVED:

KURT O. WILSON
CITY MANAGER