

PROFESSIONAL CONSULTANT SERVICES AGREEMENT

CAROLLO ENGINEERS, INC.

Sewer Cost-of-Service Study Update

THIS PROFESSIONAL CONSULTANT SERVICES AGREEMENT (“Agreement”) is made and entered into this _____ day of _____, _____ (“Effective Date”), by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation (“City”), and CAROLLO ENGINEERS, INC., a Delaware corporation authorized to do business in California (“Consultant”).

1. **Scope of Services.** City agrees to retain and does hereby retain Consultant and Consultant agrees to provide the services more particularly described in Exhibit “A,” “Scope of Services” (“Services”), attached hereto and incorporated herein by reference, in conjunction with Sewer Cost-of-Service Study Update (“Project”).

2. **Term.** This Agreement shall be effective on the date first written above and shall remain in effect until December 31, 2028, unless otherwise terminated pursuant to the provisions herein.

3. **Compensation/Payment.** Consultant shall perform the Services under this Agreement for the total sum not to exceed One Hundred Twenty-Four Thousand Nine Hundred Fifty-Two Dollars (\$124,952.00), payable in accordance with the terms set forth in Exhibit “B.” Said payment shall be made in accordance with City’s usual accounting procedures upon receipt and approval of an itemized invoice setting forth the Services performed. The invoices shall be delivered to City at the address set forth in Section 4 hereof.

4. **Notices.** Any notices required to be given, hereunder shall be in writing and shall be personally served or given by mail. Any notice given by mail shall be deemed given when deposited in the United States Mail, certified and postage prepaid, addressed to the party to be served as follows:

To City

Public Works Department
City of Riverside
Attn: Thuy Nguyen
3900 Main Street
Riverside, CA 92522

To Consultant

Carollo Engineers, Inc.
Attn: Graham J. B. Juby
3400 Central Avenue, Suite 205
Riverside, CA 92506

5. **Prevailing Wage.** If applicable, Consultant and all subcontractors are required to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the Department of Industrial Relations under Section 1720 et seq. of the California Labor Code and implemented by Resolution No. 13346 of the City Council of the City of Riverside. The Director’s determination is available on-line at

www.dir.ca.gov/dlsr/DPreWageDetermination.htm and is referred to and made a part hereof; the wage rates therein ascertained, determined, and specified are referred to and made a part hereof as though fully set forth herein.

6. **Contract Administration.** A designee of the City will be appointed in writing by the City Manager or Department Director to administer this Agreement on behalf of City and shall be referred to herein as Contract Administrator.

7. **Standard of Performance.** While performing the Services, Consultant shall exercise the reasonable professional care and skill customarily exercised by reputable members of Consultant's profession practicing in the Metropolitan Southern California Area and shall use reasonable diligence and best judgment while exercising its professional skill and expertise.

8. **Personnel.** Consultant shall furnish all personnel necessary to perform the Services and shall be responsible for their performance and compensation. Consultant recognizes that the qualifications and experience of the personnel to be used are vital to professional and timely completion of the Services. The key personnel listed in Exhibit "C," attached hereto and incorporated herein by this reference and assigned to perform portions of the Services shall remain assigned through completion of the Services, unless otherwise mutually agreed by the parties in writing, or caused by hardship or resignation in which case substitutes shall be subject to City approval.

9. **Assignment and Subcontracting.** Neither party shall assign any right, interest, or obligation in or under this Agreement to any other entity without prior written consent of the other party. In any event, no assignment shall be made unless the assignee expressly assumes the obligations of assignor under this Agreement, in a writing satisfactory to the parties. Consultant acknowledges that any assignment may, at the City's sole discretion, require City Manager and/or City Council approval. Consultant shall not subcontract any portion of the work required by this Agreement without prior written approval by the responsible City Contract Administrator. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement, including without limitation, the insurance obligations set forth in Section 12. The Consultant acknowledges and agrees that the City is an intended beneficiary of any work performed by any subcontractor for purposes of establishing a duty of care between any subcontractor and the City.

10. **Independent Contractor.** In the performance of this Agreement, Consultant, and Consultant's employees, subcontractors, and agents, shall act in an independent capacity as independent contractors, and not as officers or employees of the City of Riverside. Consultant acknowledges and agrees that the City has no obligation to pay or withhold state or federal taxes or to provide workers' compensation or unemployment insurance to Consultant or to Consultant's employees, subcontractors, and agents. Consultant, as an independent contractor, shall be responsible for any and all taxes that apply to Consultant as an employer.

11. **Indemnification.**

11.1 **Design Professional Defined.** For purposes of this Agreement, “Design Professional” includes the following:

- A. An individual licensed as an architect pursuant to Chapter 3 (commencing with Section 5500) of Division 3 of the Business and Professions Code, and a business entity offering architectural services in accordance with that chapter.
- B. An individual licensed as a landscape architect pursuant to Chapter 3.5 (commencing with Section 5615) of Division 3 of the Business and Professions Code, and a business entity offering landscape architectural services in accordance with that chapter.
- C. An individual registered as a professional engineer pursuant to Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code, and a business entity offering professional engineering services in accordance with that chapter.
- D. An individual licensed as a professional land surveyor pursuant to Chapter 15 (commencing with Section 8700) of Division 3 of the Business and Professions Code, and a business entity offering professional land surveying services in accordance with that chapter.

11.2 **Defense Obligation For Design Professional Liability.** Consultant agrees, at its cost and expense, to promptly defend the City, and the City’s employees, officers, managers, agents, and council members (collectively the “Parties to be Defended”) from and against any and all claims, allegations, lawsuits, arbitration proceedings, administrative proceedings, regulatory proceedings, or other legal proceedings to the extent the same arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant, or anyone employed by or working under the Consultant, or for Services rendered to the Consultant in the performance of the Agreement, notwithstanding that the City may have benefited from its work or Services and whether or not caused in part by the negligence of an Indemnified Party. Consultant agrees to provide this defense immediately upon written notice from the City, and with well-qualified, adequately insured, and experienced legal counsel acceptable to City. Consultant will reimburse City for reasonable defense costs for claims arising out of Consultant’s professional negligence based on the percentage of Consultant’s liability. This obligation to defend as set forth herein is binding on the successors, assigns, and heirs of Consultant and shall survive the termination of Consultant’s Services under this Agreement.

11.3 **Indemnity For Design Professional Liability.** When the law establishes a professional standard of care for Consultant’s Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, and hold harmless the City and the City’s employees, officers, managers, agents, and council members (“Indemnified Parties”) from and against any and all claim for damage, charge, lawsuit, action, judicial, administrative, regulatory, or arbitration proceeding, damage, cost, expense (including counsel and expert fees), judgment, civil fines and penalties, liabilities or losses of any kind or nature whatsoever to the extent the same arise out of, pertain to,

or relate to the negligence, recklessness, or willful misconduct of Consultant, or anyone employed by or working under the Consultant, or for Services rendered to the Consultant in the performance of the Agreement, notwithstanding that the City may have benefited from its work or Services and whether or not caused in part by the negligence of an Indemnified Party.

11.4 Defense Obligation For Other Than Design Professional Liability.

Consultant agrees, at its cost and expense, to promptly defend the City, and the City's employees, officers, managers, agents and council members (collectively the "Parties to be Defended") from and against any and all claims, allegations, lawsuits, arbitration proceedings, administrative proceedings, regulatory proceedings, or other legal proceedings which arise out of, or relate to, or are in any way connected with: 1) the Services, work, activities, operations, or duties of the Consultant, or of anyone employed by or working under the Consultant; or 2) any breach of the Agreement by the Consultant. This duty to defend shall apply whether or not such claims, allegations, lawsuits, or proceedings have merit or are meritless, or which involve claims or allegations that any or all of the Parties to be defended were actively, passively, or concurrently negligent, or which otherwise assert that the Parties to be defended are responsible, in whole or in part, for any loss, damage, or injury. Consultant agrees to provide this defense immediately upon written notice from the City, and with well-qualified, adequately insured, and experienced legal counsel acceptable to City. This obligation to defend as set forth herein is binding on the successors, assigns, and heirs of Consultant and shall survive the termination of Consultant's Services under this Agreement.

11.5 Indemnity For Other Than Design Professional Liability. Except as to the sole negligence or willful misconduct of the City, Consultant agrees to indemnify, protect, and hold harmless the Indemnified Parties from and against any claim for damage, charge, lawsuit, action, judicial, administrative, regulatory, or arbitration proceeding, damage, cost, expense (including counsel and expert fees), judgment, civil fine and penalties, liabilities or losses of any kind or nature whatsoever whether actual, threatened or alleged, which arise out of, pertain to, or relate to, or are a consequence of, or are attributable to, or are in any manner connected with the performance of the Services, work, activities, operations, or duties of the Consultant, or anyone employed by or working under the Consultant, or for Services rendered to Consultant in the performance of this Agreement, notwithstanding that the City may have benefited from its work or Services. This indemnification provision shall apply to any acts, omissions, negligence, recklessness, or willful misconduct, whether active or passive, on the part of the Consultant or anyone employed or working under the Consultant.

12. Insurance.

12.1 General Provisions. Prior to the City's execution of this Agreement, Consultant shall provide satisfactory evidence of, and shall thereafter maintain during the term of this Agreement, such insurance policies and coverages in the types, limits, forms, and ratings required herein. The rating and required insurance policies and coverages may be modified in writing by the City's Risk Manager or City Attorney, or a designee, unless such modification is prohibited by law.

12.1.1 **Limitations.** These minimum amounts of coverage shall not constitute any limitation or cap on Consultant's indemnification obligations under Section 11 hereof.

12.1.2 **Ratings.** Any insurance policy or coverage provided by Consultant or subcontractors as required by this Agreement shall be deemed inadequate and a material breach of this Agreement, unless such policy or coverage is issued by insurance companies authorized to transact insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or higher.

12.1.3 **Cancellation.** The policies shall not be canceled unless thirty (30) days' prior written notification of intended cancellation has been given to City by certified or registered mail, postage prepaid.

12.1.4 **Adequacy.** The City, its officers, employees, and agents make no representation that the types or limits of insurance specified to be carried by Consultant pursuant to this Agreement are adequate to protect Consultant. If Consultant believes that any required insurance coverage is inadequate, Consultant will obtain such additional insurance coverage as Consultant deems adequate, at Consultant's sole expense.

12.2 **Workers' Compensation Insurance.** By executing this Agreement, Consultant certifies that Consultant is aware of and will comply with Section 3700 of the Labor Code of the State of California requiring every employer to be insured against liability for workers' compensation, or to undertake self-insurance before commencing any of the work. Consultant shall carry the insurance or provide for self-insurance required by California law to protect said Consultant from claims under the Workers' Compensation Act. Prior to City's execution of this Agreement, Consultant shall file with City either: 1) a certificate of insurance showing that such insurance is in effect, or that Consultant is self-insured for such coverage; or 2) a certified statement that Consultant has no employees, and acknowledging that if Consultant does employ any person, the necessary certificate of insurance will immediately be filed with City. Any certificate filed with City shall provide that City will be given ten (10) days' prior written notice before modification or cancellation thereof.

12.3 **Commercial General Liability and Automobile Insurance.** Prior to City's execution of this Agreement, Consultant shall obtain, and shall thereafter maintain during the term of this Agreement, commercial general liability insurance and automobile liability insurance as required to insure Consultant against damages for personal injury, including accidental death, as well as from claims for property damage, which may arise from or which may concern operations by anyone directly or indirectly employed by, connected with, or acting for or on behalf of Consultant. The City, and its officers, employees, and agents, shall be named as additional insureds under the Consultant's insurance policies.

12.3.1 Consultant's commercial general liability insurance policy shall cover both bodily injury (including death) and property damage (including, but not limited to, premises operations liability, products-completed operations liability, independent contractor's liability, personal injury liability, and contractual liability) in an amount not less than \$1,000,000 per occurrence and a general aggregate limit in the amount of not less than \$2,000,000.

12.3.2 Consultant's automobile liability policy shall cover both bodily injury and property damage in an amount not less than \$1,000,000 per occurrence and an aggregate limit of not less than \$1,000,000. All of Consultant's automobile and/or commercial general liability insurance policies shall cover all vehicles used in connection with Consultant's performance of this Agreement, which vehicles shall include, but are not limited to, Consultant owned vehicles, Consultant leased vehicles, Consultant's employee vehicles, non-Consultant owned vehicles and hired vehicles.

12.3.3 Prior to City's execution of this Agreement, copies of insurance policies or original certificates, along with additional insured endorsements acceptable to the City evidencing the coverage required by this Agreement, for both commercial general and automobile liability insurance, shall be filed with City and shall include the City and its officers, employees, and agents, as additional insureds. Said policies shall be in the usual form of commercial general and automobile liability insurance policies, but shall include the following provisions:

It is agreed that the City of Riverside, and its officers, employees, and agents, are added as additional insureds under this policy, solely for work done by and on behalf of the named insured for the City of Riverside.

12.3.4 The insurance policy or policies shall also comply with the following provisions:

- a. The policy shall be endorsed to waive any right of subrogation against the City and its sub-consultants, employees, officers, and agents for Services performed under this Agreement.
- b. If the policy is written on a claims-made basis, the certificate should so specify and the policy must continue in force for one year after completion of the Services. The retroactive date of coverage must also be listed.
- c. The policy shall specify that the insurance provided by Consultant will be considered primary and not contributory to any other insurance available to the City and Endorsement No. CG 20010413 shall be provided to the City.

12.4 **Errors and Omissions Insurance.** Prior to City's execution of this Agreement, Consultant shall obtain and shall thereafter maintain during the term of this Agreement, errors and omissions professional liability insurance in the minimum amount of \$1,000,000 to protect the City from claims resulting from the Consultant's activities.

12.5 **Subcontractors' Insurance.** Consultant shall require all of its subcontractors to carry insurance, in an amount sufficient to cover the risk of injury, damage, or loss that may be caused by the subcontractors' scope of work and activities provided in furtherance of this Agreement, including, but without limitation, the following coverages: Workers' Compensation, Commercial General Liability, Errors and Omissions, and Automobile liability.

Upon City's request, Consultant shall provide City with satisfactory evidence that Subcontractors have obtained insurance policies and coverages required by this section.

13. **Business Tax.** Consultant understands that the Services performed under this Agreement constitutes doing business in the City of Riverside, and Consultant agrees that Consultant will register for and pay a business tax pursuant to Chapter 5.04 of the Riverside Municipal Code and keep such tax certificate current during the term of this Agreement.

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

15. **City's Right to Employ Other Consultants.** City reserves the right to employ other Consultants in connection with the Project. If the City is required to employ another consultant to complete Consultant's work, due to the failure of the Consultant to perform, or due to the breach of any of the provisions of this Agreement, the City reserves the right to seek reimbursement from Consultant.

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

17. **Confidentiality.** All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other materials either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant, except as otherwise directed by City's Contract Administrator. Nothing furnished to Consultant which is otherwise known to the Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television, or radio production, website, or other similar medium without the prior written consent of the City.

18. **Ownership of Documents.** All reports, maps, drawings, and other contract deliverables prepared under this Agreement by Consultant shall be and remain the property of City. Consultant shall not release to others information furnished by City without prior express written approval of City.

19. **Copyrights.** Consultant agrees that any work prepared for City which is eligible for copyright protection in the United States or elsewhere shall be a work made for hire. If any such work is deemed for any reason not to be a work made for hire, Consultant assigns all right, title, and interest in the copyright in such work, and all extensions and renewals thereof, to City, and agrees to provide all assistance reasonably requested by City in the establishment, preservation, and enforcement of its copyright in such work, such assistance to be provided at

City's expense but without any additional compensation to Consultant. Consultant agrees to waive all moral rights relating to the work developed or produced, including without limitation any and all rights of identification of authorship and any and all rights of approval, restriction, or limitation on use or subsequent modifications.

20. **Conflict of Interest.** Consultant, for itself and on behalf of the individuals listed in Exhibit "C," represents and warrants that by the execution of this Agreement, they have no interest, present or contemplated, in the Project affected by the above-described Services. Consultant further warrants that neither Consultant, nor the individuals listed in Exhibit "C," have any real property, business interests, or income interests that will be affected by this project or, alternatively, that Consultant will file with the City an affidavit disclosing any such interest.

21. **Solicitation.** Consultant warrants that Consultant has not employed or retained any person or agency to solicit or secure this Agreement, nor has it entered into any agreement or understanding for a commission, percentage, brokerage, or contingent fee to be paid to secure this Agreement. For breach of this warranty, City shall have the right to terminate this Agreement without liability and pay Consultant only for the value of work Consultant has actually performed, or, in its sole discretion, to deduct from the Agreement price or otherwise recover from Consultant the full amount of such commission, percentage, brokerage, or commission fee. The remedies specified in this section shall be in addition to and not in lieu of those remedies otherwise specified in this Agreement.

22. **General Compliance With Laws.** Consultant shall keep fully informed of federal, state, and local laws and ordinances and regulations which in any manner affect those employed by Consultant, or in any way affect the performance of Services by Consultant pursuant to this Agreement. Consultant shall at all times observe and comply with all such laws, ordinances, and regulations, and shall be solely responsible for any failure to comply with all applicable laws, ordinances, and regulations. Consultant represents and warrants that Consultant has obtained all necessary licenses to perform the Scope of Services and that such licenses are in good standing. Consultant further represents and warrants that the Services provided herein shall conform to all ordinances, policies, and practices of the City of Riverside.

23. **Waiver.** No action or failure to act by the City shall constitute a waiver of any right or duty afforded City under this Agreement, nor shall any such action or failure to act constitute approval of or acquiescence in any breach thereunder, except as may be specifically provided in this Agreement or as may be otherwise agreed in writing.

24. **Amendments.** This Agreement may be modified or amended only by a written agreement and/or change order executed by the Consultant and City.

25. **Termination.** City, by notifying Consultant in writing, shall have the right to terminate any or all of Consultant's Services and work covered by this Agreement at any time. In the event of such termination, Consultant may submit Consultant's final written statement of the amount of Consultant's Services as of the date of such termination based upon the ratio that the work completed bears to the total work required to make the report complete, subject to the City's rights under Sections 15 and 26 hereof. In ascertaining the work actually rendered through the

termination date, City shall consider completed work, work in progress, and complete and incomplete reports and other documents only after delivered to City.

25.1 Other than as stated below, City shall give Consultant thirty (30) days' prior written notice prior to termination.

25.2 City may terminate this Agreement upon fifteen (15) days' written notice to Consultant, in the event:

25.2.1 Consultant substantially fails to perform or materially breaches the Agreement; or

25.2.2 City decides to abandon or postpone the Project.

26. **Offsets.** Consultant acknowledges and agrees that with respect to any business tax or penalties thereon, utility charges, invoiced fee, or other debt which Consultant owes or may owe to the City, City reserves the right to withhold and offset said amounts from payments or refunds or reimbursements owed by City to Consultant. Notice of such withholding and offset shall promptly be given to Consultant by City in writing. In the event of a dispute as to the amount owed or whether such amount is owed to the City, City will hold such disputed amount until either the appropriate appeal process has been completed or until the dispute has been resolved.

27. **Successors and Assigns.** This Agreement shall be binding upon City and its successors and assigns, and upon Consultant and its permitted successors and assigns, and shall not be assigned by Consultant, either in whole or in part, except as otherwise provided in paragraph 9 of this Agreement.

28. **Venue.** Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in the Superior Court, County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county. In the event either party hereto shall bring suit to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition of this Agreement, it is mutually agreed that each party will bear their own attorney's fees and costs.

29. **Nondiscrimination.** During Consultant's performance of this Agreement, Consultant shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex, genetic information, gender, gender identity, gender expression, or sexual orientation, military, and veteran status, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code. Further, Consultant agrees to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

30. **Severability.** Each provision, term, condition, covenant, and/or restriction, in whole and in part, of this Agreement shall be considered severable. In the event any provision, term, condition, covenant, and/or restriction, in whole and/or in part, of this Agreement is declared

invalid, unconstitutional, or void for any reason, such provision or part thereof shall be severed from this Agreement and shall not affect any other provision, term, condition, covenant, and/or restriction of this Agreement, and the remainder of the Agreement shall continue in full force and effect.

31. **Authority.** The individuals executing this Agreement and the instruments referenced herein on behalf of Consultant each represent and warrant that they have the legal power, right, and actual authority to bind Consultant to the terms and conditions hereof and thereof.

32. **Entire Agreement.** This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings or agreements of the parties. Neither party has been induced to enter into this Agreement by, and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.

33. **Digital and Counterpart Signatures.** Each party to this Agreement intends and agrees to the use of digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (Civil Code §§ 1633.1, et seq.), California Government Code § 16.5, and California Code of Regulations Title 2 Division 7 Chapter 10, to execute this Agreement. The parties further agree that the digital signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures for purposes of validity, enforceability, and admissibility. For purposes of this section, a “digital signature” is defined in subdivision (d) of Section 16.5 of the Government Code and is a type of “electronic signature” as defined in subdivision (h) of Section 1633.2 of the Civil Code. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each certified or authenticated electronic copy of an encrypted digital signature shall be deemed a duplicate original, constituting one and the same instrument and shall be binding on the parties hereto.

34. **Interpretation.** City and Consultant acknowledge and agree that this Agreement is the product of mutual arms-length negotiations and accordingly, the rule of construction, which provides that the ambiguities in a document shall be construed against the drafter of that document, shall have no application to the interpretation and enforcement of this Agreement.

34.1 Titles and captions are for convenience of reference only and do not define, describe, or limit the scope or the intent of the Agreement or any of its terms. Reference to section numbers is to sections in the Agreement unless, expressly stated otherwise.

34.2 This Agreement shall be governed by and construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement.

34.3 In the event of a conflict between the body of this Agreement and Exhibit “A” - Scope of Services hereto, the terms contained in Exhibit “A” shall be controlling.

35. **Exhibits.** The following exhibits attached hereto are incorporated herein to this Agreement by this reference:

Exhibit "A" - Scope of Services

Exhibit "B" - Compensation

Exhibit "C" - Key Personnel

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, City and Consultant have caused this Agreement to be duly executed the day and year first above written.

CITY OF RIVERSIDE, a California
charter city and municipal corporation

CAROLLO ENGINEERS, INC.,
a Delaware corporation authorized to do business
in California

By: _____
City Manager

By: *Graham J.G. Juby*
Print Name: Graham J.G. Juby
Title: Vice President
(Signature of Board Chair, President, or
Vice President)

Attest: _____
City Clerk

and

Certified as to Availability of Funds:

By: *Rajesh Babu*
Print Name: Rajesh Babu Doppalapudi
Title: Vice President
(Signature of Secretary, Assistant Secretary,
CFO, Treasurer, or Assistant Treasurer)

By: *Julia Nemes*
Chief Financial Officer

Approved as to Form:

By: *Tarren Alicia Torres*
Tarren Alicia Torres (Jan 30, 2026 12:12:00 PST)
Deputy City Attorney

EXHIBIT "A"

SCOPE OF SERVICES

CITY OF RIVERSIDE
Sewer Cost-of-Service Study Update (2026)
Regional Water Quality Control Plant
(December 16, 2025)

SCOPE OF WORK

This scope of work outlines our proposed approach for undertaking the Sewer Cost-of-Service Study Update (Study). This scope builds on the previous work that we completed in 2025. The scope and proposed budget (Attachment B) assume that the study would be completed by updating the existing rate models. Additionally, the proposed hours and budget recognize that the ongoing annual model updates will reduce level of effort needed to develop the revenue requirements components of the analysis and will provide efficiencies in the cost-of-service and rate design steps. Carollo envisions this project as a collaborative process with City staff.

The rate update will rely on the financial and rate model that was used during the previous rate study in 2019 and for subsequent analyses. The rates will be developed for FY 2027 through FY 2031, assuming that the City would like to get rates adopted in January 2027, for implementation on July 1 of each fiscal year. The overall structure of the existing rate models will be retained, but they will be updated to include the latest available actual revenues and expenditures, capital programs, and customer usage data along with other items that may be necessary to develop financial projections for the rate study period.

The financial projections and rate analyses will incorporate the following overall goals:

- Generate sufficient revenue to cover operating expenditures.
- Provide funding for capital improvements and equipment replacement.
- Review financial policies and set rates to adequately fund reserves and provide sufficient debt coverage (where applicable).

Carollo understands that the current rate structure (adopted based on the 2015 study) is generally working as intended and that negative feedback from the community about the current rate structure has been minimal. As such, the scope developed for this Study assumes that the updated rate structure can remain generally consistent with the current rates. Some modifications to the rate structure may be recommended as driven by changing costs, customer demand patterns, and regulatory or case law guidance.

Carollo anticipates that this work will begin in January 2026 and will be completed by December 2026, ready for presentation to the City Council in January 2027. The tasks to complete the study are outlined below.

Task 1: Project Kick-Off and Data Collection

Carollo will hold a virtual project kick-off meeting with City staff. The meeting will outline key objectives, determine priorities, and, if necessary, modify the scope of service. The meeting will also serve as a review point for the study data. In advance of the kick-off meeting, Carollo will submit a detailed data request.

Model Updates: Included in Tasks 2, 3, and 4

Based on the collected data and feedback from the kick-off and subsequent meetings, Carollo will update the existing sewer financial model. As we update the model, we will discuss the needs and preferences of the financial model with City staff and can incorporate changes as necessary. Carollo anticipates updating the following assumptions, inputs, and calculations in the models:

Financial Forecast Elements

- Actual and Projected Revenues
- Actual and Projected Operating Expenses, and Treatment Charges
- Capital Improvement Plan Expenses and Funding
- Revenue Requirements Analysis and Fund Balance Projections

Cost of Service and Rate Analysis Elements

- Customer Data Inputs and Flow Projections
- Wastewater Mass Balance
- Cost-of-Service Allocations
- Customer Class Allocations
- Rate Calculations and Customer Impacts
- Other items as needed

Deliverables: A bibliography of reference documents.

Task 2: Revenue Requirements Analysis

Carollo will perform a revenue requirement analysis and develop a financial plan for 5 years of the study period. The revenue requirements forecast will rely on the updated models that have been produced under the ongoing Reserve Policy. Further updates and refinements may be made as the Cost-of-Service and Rate Design analyses are completed, as necessary.

The revenue requirement analysis will focus primarily on revenue sufficiency over the next 5 years based on the City's projected operating, capital, policy, regulatory, and asset management needs. A longer-term review will also be completed to avoid potential rate shocks after the study period.

The financial plan will consider the overall funding strategy including near- and long-term capital and operational needs, expected debt financing and grants, as well as potential impacts on customer usage changes. The results of the revenue requirement will define the levels of rate increases necessary to fund ongoing expenditures and to meet the City's policy goals.

Deliverables: 5 Year Financial Plan to be incorporated into the Report.

Task 3: Cost-of-Service Analysis

The Cost-of-Service analysis includes allocating costs to billable constituents (measurable parameters that can be used to assign costs) and assigning those costs to customers classes based on their shares of billable constituents. Billable constituents for the City's sewer system include flow, biochemical oxygen demand

(BOD), and total suspended solids (TSS). The proposed rate structures will adhere to Proposition 218 requirements and sound cost-of-service, ratemaking principles. This task also includes a detailed customer data analysis, demand projections, and wastewater mass balance needed to complete the allocations.

Task 3.1 – Customer Data Analysis

Carollo will conduct a statistical analysis of the City's past three years of historical customer data and consumption records. We will use statistical software to quickly analyze customer billing records and evaluate a multi-year trend and identify any unusual patterns, if any. We will also calibrate billing records against actual rate revenues to prevent over or under estimation of the City's customer base.

Task 3.2 – Wastewater Mass Balance

Carollo will conduct a mass balance for the wastewater system based on the analyzed customer data and billing records, assumed return to sewer factors and load concentrations, and City's measured total flow and loads based on billing records. If appropriate, the results of the mass balance analysis will be used to modify the return to sewer and load concentration assumptions used for each customer class.

Task 3.3 – Allocation of Costs to Functional Categories

Carollo will develop a cost allocation based on the City's unique system using the Water Environment Federation (WEF) methodologies. These allocations will build on the existing allocation for rate consistency and incorporate the City's current asset and accounting records. Costs will be allocated by function, collections, treatment, administration, etc. and then to flow, BOD, and TSS based on the cost drivers and the City's historic treatment charges. The allocation process will also consider potential additional parameters to explore adding additional fixed charges.

Task 3.4 – Allocation of Costs to Customer Classes

After costs have been functionalized in Task 3.3, they will be allocated to each customer class based on each class's utilization of the system. This step is essential in developing a nexus between the level of service provided to customers of each type and the rates that they are charged for that service. Costs will be allocated based on estimated wastewater flow and strength (BOD, TSS and Nitrogen).

Deliverables: Cost allocations to be incorporated into the Report.

Task 4: Rate Design Analysis

Rates will be evaluated and designed to generate sufficient revenues, while meeting the City's key study objectives. We will meet with City staff to review and evaluate if the current rate structure maintains an equitable allocation of costs among customer groups. Carollo will update rates based on the cost-of-service analysis while meeting the City revenue needs and its policy objectives.

Deliverables: Proposed rates to be incorporated into the Report.

Task 5: Outreach Materials

Carollo will develop materials for the outreach process including a rate calculator and a sewer rate survey of neighboring agencies.

The rate comparison survey will include the rates charged by other comparable municipality utilities in the Orange County area and Riverside County and a comparison of bills for typical single-family users. To the extent possible based on available information, the survey will include the amount of wastewater related costs included on other agencies property tax bills.

Deliverables: Outreach materials in electronic format.

Task 6: Study Report

Draft and final versions of cost-of-service study reports will be prepared to present the methodology, assumptions, process, and findings of the rate study and its recommendations. The reports will document the need for rate increases, multi-year revenue requirements, and the proposed rates to support the Proposition 218 process. Comments on the draft reports will be incorporated into the final reports. All versions of the reports will be issued in PDF format.

Deliverables: Draft and Final versions of the Cost-of-Service Study Report in electronic PDF format.

Task 7: Meetings, Presentations and Project Management

Carollo will hold structured review meetings with City staff during the project. Carollo will also develop a PowerPoint presentation to present the study findings to City staff at the conclusion of the Study. It is assumed that the City will present the findings to the City Council, with Carollo providing support as needed.

The proposed project budget anticipates three (3) virtual workshops with staff and participation in two (2) City Council Meetings. The project budget assumes that the two City Council meetings will be in-person.

This task also includes general project management for the duration of the Study (approximately 12 months) and includes preparation of monthly progress reports and invoicing.

Deliverables: Meeting Notes as applicable, and Monthly Progress Reports in PDF format and Monthly invoices.

OPTIONAL TASK

Task 8: Incorporate CASA Study Findings

As an optional tasks, Carollo will incorporate the results of the CASA flow and loads study into the cost-of-service analysis. The information from the CASA Study will be used to develop an alternative mass balance using CASA data to set the calculated flow and loads from residential users, update cost allocations among customer classes, and determine rates for each customer class. We will assess the impacts to each rate class and if needed develop phased-in rates to smooth the impacts over time.

Deliverables: Findings from CASA Study data will be incorporated into the overall analysis as appropriate.

EXHIBIT "B"
COMPENSATION

CITY OF RIVERSIDE
2026 Sewer Cost-of-Service Study Update
Estimated Project Budget

DESCRIPTION	Jennifer Ivey QA/QC	Graham Juby PIC	Alex Bugbee PM	Lead Analyst	Analytical Support	Support/ Clerical/WP	Total Hours	Carollo Labor Cost	Expenses (1)	Other Direct Costs	Total Cost
UPDATE WITH EXISTING MODELS											
1 Project Kic-Off and Data Collection		2	4	8			14	\$3,472		\$0	\$3,472
2 Revenue Requirements Analysis	2	8	24	24	12		70	\$17,240		\$0	\$17,240
3 Cost of Service Analysis			8	8	12		28	\$6,208		\$0	\$6,208
Customer Data Analysis			8	8	8		30	\$6,968		\$0	\$6,968
Sewer Mass Balance		2	8	12	8		52	\$12,840		\$0	\$12,840
Allocations	4	4	12	32			64	\$15,648		\$0	\$15,648
4 Rate Design Analysis	4	4	16	40			60	\$15,720		\$0	\$15,720
5 Study Report	4	4	12	40		8					
6 Outreach Materials			4	4	8		12	\$2,616		\$0	\$2,616
Update Bill Calculations and Neighboring Agency Survey			4	4	8						
7 Meetings, Presentations and Project Management			16	16			35	\$9,604		\$0	\$9,604
Virtual Review Meetings/Staff Workshops inc. Prep (3)	1	10	16	8							
On Site City Council Meetings inc. assistance with presentation development (2)	1	6	24				31	\$8,612	\$6,000	\$6,000	\$14,612
General Project Management		8	12				20	\$5,800		\$0	\$5,800
PROJECT TOTAL	16	48	140	172	40	8	416	\$104,728	\$6,000	\$6,000	\$110,728
OPTIONAL TASKS											
8 Incorporate CASA Study Findings	4	4	24	24			56	\$14,224		\$0	\$14,224
SUBTOTAL - OPTIONAL TASKS	4	4	24	24	0	0	56	\$14,224	\$0	\$0	\$14,224
PROJECT TOTAL WITH OPTIONAL TASKS	20	52	164	196	40	8	472	\$118,952	\$6,000	\$6,000	\$124,952

CITY OF RIVERSIDE
2026 Sewer Cost-of-Service Study Update
Preliminary Project Schedule

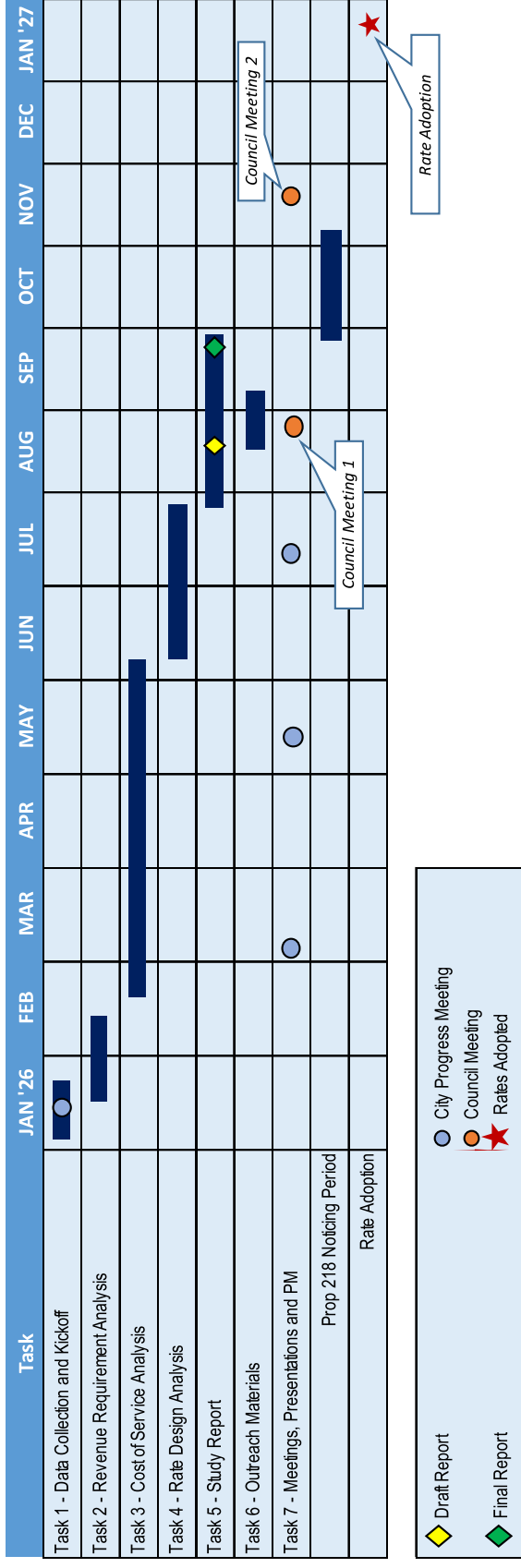


EXHIBIT “C”

KEY PERSONNEL

Graham Juby, Principal in Charge
Alexander Bugbee, Principal Analyst
Jennifer Ivey, Financial Service Delivery Lead
Kim Lightner, Senior Analyst
Karly Nocera, Analytical Support