

PROFESSIONAL CONSULTANT SERVICES AGREEMENT
Comprehensive Cost of Service Rate Study
Specification No. CS-2021-1287BD

THIS AGREEMENT is made and entered into as of the date fully executed below, by and between Orange County Sanitation District, with a principal place of business at 10844 Ellis Avenue, Fountain Valley, CA 92708 (hereinafter referred to as "OC San") and HDR Engineering, Inc. with a principal place of business at 3230 El Camino Real, Site 200, Irvine, CA 92108 (hereinafter referred to as "Consultant") collectively referred to as the "Parties".

WITNESSETH

WHEREAS, based on Consultant's expertise and experience, OC San desires to temporarily engage Consultant to provide a comprehensive cost of service rate study, "Services", as described in Exhibit "A"; and

WHEREAS, Consultant submitted its Proposal, dated January 12, 2022; and

WHEREAS, on April 27, 2022, the Board of Directors of OC San, by minute order, authorized execution of this Agreement between OC San and Consultant; and

WHEREAS, OC San has chosen Consultant to conduct Services in accordance with Ordinance No. OC SAN-56; and

NOW, THEREFORE, in consideration of the mutual promises and mutual benefits exchanged between the Parties, the Parties mutually agree as follows:

1. Introduction

1.1 This Agreement and all exhibits hereto (called the "Agreement") is made by OC San and the Consultant. The terms and conditions herein exclusively govern the purchase of Services as described in Exhibit "A".

1.2 Exhibits to this Agreement are incorporated by reference and made a part of this Agreement as though fully set forth at length herein.

Exhibit "A" Scope of Work
Exhibit "B" Proposal and Fee Proposal dated February 17, 2022
Exhibit "C" Determined Insurance Requirement Form
Exhibit "D" Contractor Safety Standards
Exhibit "E" Human Resources Policies

1.3 In the event of any conflict or inconsistency between the provisions of this Agreement and any of the provisions of the exhibits hereto, the provisions of this Agreement shall in all respects govern and control.

1.4 This Agreement may not be modified, changed, or supplemented, nor may any obligations hereunder be waived or extensions of time for performance granted, except by written instrument signed by both Parties.

1.5 The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any section or provision hereof.

- 1.6 The term “days”, when used in the Agreement, shall mean calendar days, unless otherwise noted as workdays.
- 1.7 The term “workday”. Workdays are defined as all days that are not Saturday, Sunday, or OC San observed holidays. Meetings with OC San staff shall be scheduled from Tuesday through Friday between the hours of 8 a.m. and 4 p.m. (exception is Operations staff who maintain plant operations 24/7 and work a rotated 12-hour shift) and shall conform to OC San work schedules.
- 1.8 OC San holidays (non-working days) are as follows: New Year’s Day, Lincoln’s Birthday, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, and Christmas Day.
- 1.9 Work Hours: The work required under this Agreement may include normal business hours, evenings, and weekends. OC San will not pay for travel time.
- 1.10 Consultant shall provide OC San with all required premiums and/or overtime work at no charge beyond the total amount of the Agreement.
- 1.11 Except as expressly provided otherwise, OC San accepts no liability for any expenses, losses, or action incurred or undertaken by Consultant as a result of work performed in anticipation of purchases of said services by OC San.
2. **Scope of Work** Subject to the terms of this Agreement, Consultant shall perform the Services identified in Exhibits “A” and “B”. All Services shall be performed in a competent, professional, and satisfactory manner, with the care and skill ordinarily used by members of Consultant’s profession practicing under the same or similar circumstances at the same time in the same locality.
3. **Modifications to Scope of Work** Requests for modifications to the Scope of Work hereunder can be made by OC San at any time. All modifications must be made in writing and signed by both Parties. A review of the time required for the modification will be made by OC San and Consultant and the Agreement period adjusted accordingly.
4. **Compensation** The compensation to be paid by OC San to Consultant for the Services provided under this Agreement shall be a total amount not to exceed Two Hundred Thirty-four Thousand, Nine Hundred Fifty Dollars (\$234,950.00).
5. **Payment and Invoicing**
 - 5.1 OC San shall pay, net thirty (30) days, upon receipt and approval, by OC San’s Project Manager or designee, of itemized invoices submitted monthly for Services completed in accordance with Exhibits “A” and “B”. OC San may withhold payment for Services that fail to satisfy the requirements of this Agreement until such time as Consultant modifies the Services to comply.
 - 5.2 Invoices shall be emailed by Consultant to OC San Accounts Payable at APStaff@OCSan.gov and “INVOICE” with the Purchase Order Number and CS-2021-1287BD shall be referenced in the subject line.
6. **Audit Rights** Consultant agrees that, during the term of this Agreement and for a period of three (3) years after its termination, OC San shall have access to and the right to examine any directly pertinent books, documents, and records of Consultant relating to the invoices submitted by Consultant pursuant to this Agreement.

7. **Commencement and Term** The Services provided under this Agreement shall be completed within one (1) year from the effective date of the Notice to Proceed.

8. **Extensions** The term of this Agreement may be extended only by written instrument signed by both Parties.

9. **Performance** Time is of the essence in the performance of the provisions hereof.

10. **Termination**

10.1 OC San reserves the right to terminate this Agreement for its convenience, with or without cause, in whole or in part, at any time, by written notice from OC San. Upon receipt of a termination notice, Consultant shall immediately discontinue all work under this Agreement (unless the notice directs otherwise). OC San shall thereafter, within thirty (30) days, pay Consultant for work performed (cost and fee) to the date of termination. Consultant expressly waives any claim to receive anticipated profits to be earned during the uncompleted portion of this Agreement. Such notice of termination shall terminate this Agreement and release OC San from any further fee, cost or claim hereunder by Consultant other than for work performed to the date of termination.

10.2 OC San reserves the right to terminate this Agreement in the event that Consultant is not complying with the Scope of Work requirements, if the level of service is inadequate, or any other default of this Agreement, but only after providing Consultant written notice of issue and a period of ten (10) days to cure.

10.3 OC San may also immediately terminate for default of this Agreement in whole or in part by written notice to Consultant:

- if Consultant becomes insolvent or files a petition under the Bankruptcy Act; or
- if Consultant sells its business; or
- if Consultant breaches any of the terms of this Agreement; or
- if total amount of compensation exceeds the amount authorized under this Agreement.

However, OC San will not terminate for default without providing Consultant written notice of the default and a period of ten (10) days to cure.

10.4 All OC San property in the possession or control of Consultant shall be returned by Consultant to OC San on demand, or at the termination of this Agreement, whichever occurs first.

11. **Indemnification and Hold Harmless Provision** Consultant shall assume all responsibility for damages to property and/or injuries to persons, including accidental death, which may arise out of or be caused by the negligence, recklessness, or willful misconduct of Consultant or its subconsultant(s) or by anyone directly or indirectly employed by Consultant, and whether such damage or injury shall accrue or be discovered before or after the termination of the Agreement. Except as to the sole active negligence of or willful misconduct of OC San, Consultant shall indemnify, protect, defend and hold harmless OC San, its elected and appointed officials, officers, agents and employees, from and against any and all claims, liabilities, damages or expenses of any nature, including attorneys' fees: (a) for injury to or death of any person or damage to property or interference with the use of property, arising out of or in connection with the negligence, recklessness, or willful misconduct of Consultant, and/or (b) on account of infringement of third party intellectual property rights by any copyrighted or uncopyrighted material, composition, or process, or

any patented or unpatented invention, article or appliance, furnished or used under the Agreement, and/or (c) on account of any negligence, recklessness, or willful misconduct during the provision of any goods and services provided under this Agreement. This indemnification provision shall apply to any negligence, recklessness, or willful misconduct, whether active or passive, on the part of Consultant or anyone employed by or working under Consultant. To the maximum extent permitted by law, Consultant's 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 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 OC San, and with well qualified, adequately insured, and experienced legal counsel acceptable to OC San. This section shall survive the expiration or early termination of the Agreement.

12. **Insurance** Consultant and all subconsultants shall purchase and maintain, throughout the life of this Agreement and any periods of warranty or extensions, insurance in amounts equal to the requirements set forth in the signed Determined Insurance Requirement Form, Exhibit "C". Consultant shall not commence work under this Agreement until all required insurance is obtained in a form acceptable to OC San, nor shall Consultant allow any subconsultant to commence service pursuant to a subcontract until all insurance required of the subconsultant has been obtained. Failure to maintain required insurance coverage shall result in termination of this Agreement.
13. **Key Personnel** The personnel, as provided in Exhibit "B", are considered "key" to the work under this Agreement and will be available for the term of the Agreement. No person designated as key under this Agreement shall be removed or replaced without prior written consent of OC San. If OC San asks Consultant to remove a person designated as key under this Agreement, Consultant agrees to do so immediately regardless of the reason, or the lack of reason, for OC San's request. Consultant shall assign only competent personnel to perform Services pursuant to this Agreement.
14. **Confidentiality and Non-Disclosure**
 - 14.1 Consultant acknowledges that in performing the Services hereunder, OC San may have to disclose to Consultant orally and in writing certain confidential information that OC San considers proprietary and has developed at great expense and effort.
 - 14.2 Consultant agrees to maintain in confidence and not disclose to any person, firm, or corporation, without OC San's prior written consent, any trade secret or confidential information, knowledge or data relating to the products, process, or operation of OC San.
 - 14.3 Consultant further agrees to maintain in confidence and not to disclose to any person, firm, or corporation any data, information, technology, or material developed or obtained by Consultant during the term of this Agreement.
 - 14.4 Consultant agrees as follows:
 - To use the confidential information only for the purposes described herein; to not reproduce the confidential information; to hold in confidence and protect the confidential information from dissemination to and use by anyone not a party to this Agreement; and to not use the confidential information to benefit itself or others.

- To restrict access to the confidential information to its subconsultant or personnel of Consultant who (1) have a need to have such access and (2) have been advised of and have agreed in writing to treat such information in accordance with the terms of this Agreement.
- To return all confidential information in Consultant's possession upon termination of this Agreement or upon OC San's request, whichever occurs first.
- To hold in confidence information and materials, if any, developed pursuant to the Services hereunder.

14.5 The provisions of this section shall survive termination or expiration of this Agreement and shall continue for so long as the material remains confidential.

15. Ownership of Documents All drawings, specifications, reports, records, documents, memoranda, correspondence, computations, and other materials prepared by Consultant, its employees, subconsultants, and agents in the performance of this Agreement shall be the property of OC San and shall be promptly delivered to OC San upon request of OC San's Project Manager or designee, or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by OC San of its full rights of ownership of the documents and materials hereunder. Any use of such completed documents for other projects and/or use of incomplete documents without specific written authorization by the Consultant will be at OC San's sole risk and without liability to Consultant. Consultant shall ensure that all its subconsultants shall provide for assignment to OC San of any documents or materials prepared by them.

16. Ownership of Intellectual Property

16.1 Consultant agrees that all designs, plans, reports, specifications, drawings, schematics, prototypes, models, inventions, and all other information and items made during the course of this Agreement and arising from the Services (hereinafter referred to as "New Developments") shall be and are assigned to OC San as its sole and exclusive property.

16.2 Consultant agrees to promptly disclose to OC San all such New Developments. Upon OC San's request, Consultant agrees to assist OC San, at OC San's expense, to obtain patents or copyrights for such New Developments, including the disclosure of all pertinent information and data with respect thereto, the execution of all applications, specifications, assignments, and all other instruments and papers which OC San shall deem necessary to apply for and to assign or convey to OC San, its successors and assigns, the sole and exclusive right, title and interest in such New Developments. Consultant agrees to obtain or has obtained written assurances from its employees and contract personnel of their agreement to the terms hereof with regard to New Developments and confidential information.

16.3 Consultant warrants that Consultant has good title to any New Developments, and the right to assign New Developments to OC San free of any proprietary rights of any other party or any other encumbrance whatever.

16.4 The originals of all computations, drawings, designs, graphics, studies, reports, manuals, photographs, videotapes, data, computer files, and other documents prepared or caused to be prepared by Consultant or its subconsultants in connection with these Services shall be delivered to and shall become the exclusive property of OC San. OC San may utilize these documents for OC San applications on other projects or extensions of this project, at its own risk.

17. No Solicitation of Employees

- 17.1 Consultant agrees that it shall not, during the term of this Agreement and for a period of one (1) year immediately following termination of this Agreement, or any extension hereof, call on, solicit, or take away any of the employees whom Consultant became aware of as a result of Consultant's Services to OC San.
- 17.2 Consultant acknowledges that OC San's employees are critical to its business and OC San expends significant resources to hire, employ, and train employees. Should Consultant employ or otherwise engage OC San's employees during the term of this Agreement and for a period of one (1) year following termination of this Agreement, Consultant will pay OC San fifty percent (50%) of the former employee's most recent annual salary earned at OC San to accurately reflect the reasonable value of OC San's time and costs. This payment is in addition to any other rights and remedies OC San may have at law.
- 17.3 OC San agrees that it shall not, during the term of this Agreement and for a period of one (1) year immediately following termination of this Agreement, or any extension hereof, call on, solicit, or take away any of the employees whom OC San became aware of as a result of Consultant's Services to OC San.
- 17.4 OC San acknowledges that Consultant's employees are critical to its business and Consultant expends significant resources to hire, employ, and train employees. Should OC San employ or otherwise engage Consultant's employees during the term of this Agreement and for a period of one (1) year following termination of this Agreement, OC San will pay Consultant fifty percent (50%) of the former employee's most recent annual salary earned from Consultant to accurately reflect the reasonable value of Consultant's time and costs. This payment is in addition to any other rights and remedies Consultant may have at law.

18. Independent Contractor Capacity

- 18.1 The relationship of Consultant to OC San is that of an independent contractor and nothing herein shall be construed as creating an employment or agency relationship.
- 18.2 Consultant shall act independently and not as an officer or employee of OC San. OC San assumes no liability for Consultant's action and performance, nor assumes responsibility for taxes, funds, payments or other commitments, implied or expressed, by or for Consultant.
- 18.3 Consultant shall not be considered an agent of OC San for any purpose whatsoever, nor shall Consultant have the right to, and shall not, commit OC San to any agreement, contract or undertaking. Consultant shall not use OC San's name in its promotional material or for any advertising or publicity purposes without expressed written consent.
- 18.4 Consultant shall not be entitled to any benefits accorded to those individuals listed on OC San's payroll as regular employees including, without limitation, worker's compensation, disability insurance, vacation, holiday or sick pay. Consultant shall be responsible for providing, at Consultant's expense, disability, worker's compensation or other insurance as well as licenses and permits usual or necessary for conducting the Services hereunder.
- 18.5 Consultant shall be obligated to pay any and all applicable Federal, State and local payroll and other taxes incurred as a result of fees hereunder. Consultant hereby indemnifies OC San for any claims, losses, costs, fees, liabilities, damages or penalties suffered by OC San arising out of Consultant's breach of this provision.

- 18.6 Consultant shall not be eligible to join or participate in any benefit plans offered to those individuals listed on OC San's payroll as regular employees. Consultant shall remain ineligible for such benefits or participation in such benefit plans even if a court later decides that OC San misclassified Consultant for tax purposes.
19. **Licenses, Permits** Consultant represents and warrants to OC San that it has obtained all licenses, permits, qualification and approvals of whatever nature that are legally required to engage in this work. Any and all fees required by Federal, State, County, City and/or municipal laws, codes and/or tariffs that pertain to work performed under the terms of this Agreement will be paid by Consultant.
20. **Consultant's Representations** In the performance of duties under this Agreement, Consultant shall adhere to the customary standards, ethical practices and standards of care and competence for their trade/profession. Consultant agrees to comply with all applicable Federal, State and local laws and regulations.
21. **Familiarity with Work** By executing this Agreement, Consultant warrants that: 1) it has investigated the work to be performed; 2) it has investigated the site of the work and is aware of all conditions there; and 3) it understands the facilities, difficulties and restrictions of the work under this Agreement. Should Consultant discover any latent or unknown conditions materially differing from those inherent in the work or as represented by OC San, it shall immediately inform OC San of this and shall not proceed, except at Consultant's risk, until written instructions are received from OC San.
22. **Right to Review Services, Facilities, and Records**
- 22.1 OC San reserves the right to review any portion of the Services performed by Consultant under this Agreement, and Consultant agrees to cooperate to the fullest extent possible.
- 22.2 Consultant shall furnish to OC San such reports, statistical data, and other information pertaining to Consultant's Services as shall be reasonably required by OC San to carry out its rights and responsibilities under its agreements with its bondholders or noteholders and any other agreement relating to the development of the project(s) and in connection with the issuance of its official statements and other prospectuses with respect to the offering, sale, and issuance of its bonds and other obligations.
- 22.3 The right of OC San to review or approve drawings, specifications, procedures, instructions, reports, test results, calculations, schedules, or other data that are developed by Consultant shall not relieve Consultant of any obligation set forth herein.
23. **Force Majeure** Neither party shall be liable for delays caused by accident, flood, acts of God, epidemics, pandemics, quarantine restrictions, fire, labor trouble, war, acts of government or any other cause beyond its control, but said party shall use reasonable efforts to minimize the extent of the delay. Work affected by a Force Majeure condition may be rescheduled by mutual consent or may be eliminated from the Agreement.
24. **Severability** If any section, subsection, or provision of this Agreement, or any agreement or instrument contemplated hereby, or the application of such section, subsection, or provision is held invalid, the remainder of this Agreement or instrument in the application of such section, subsection or provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby, unless the effect of such invalidity shall be to substantially frustrate the expectations of the Parties.

25. **Waiver** The waiver of either party of any breach or violation of, or default under, any provision of this Agreement, shall not be deemed a continuing waiver by such party of any other provision or of any subsequent breach or violation of this Agreement or default thereunder. Any breach by Consultant to which OC San does not object shall not operate as a waiver of OC San's rights to seek remedies available to it for any subsequent breach.
26. **Remedies** In addition to other remedies available in law or equity, if the Consultant fails to make delivery of the goods or Services or repudiates its obligations under this Agreement, or if OC San rejects the goods or Services or revokes acceptance of the goods or Services, and if consultant fails to correct the applicable goods or Services within ten (10) days following written notice from OC San, OC San may (1) terminate the Agreement; (2) recover whatever amount of the purchase price OC San has paid, and/or (3) "cover" by purchasing, or contracting to purchase, substitute goods or Services for those due from Consultant. In the event OC San elects to "cover" as described in (3), OC San shall be entitled to recover from Consultant as damages the difference between the cost of the substitute goods or Services and the Agreement price.
27. **Governing Law** This Agreement shall be governed by and interpreted under the laws of the State of California and the Parties submit to jurisdiction in Orange County, in the event any action is brought in connection with this Agreement or the performance thereof.
28. **Environmental Compliance** Consultant shall, at its own cost and expense, comply with all Federal, State, and local environmental laws, regulations, and policies which apply to the Consultant, its sub-consultants, and the Services, including, but not limited to, all applicable Federal, State, and local air pollution control laws and regulations.
29. **Attorney's Fees** If any action at law or inequity or if any proceeding in the form of an Alternative Dispute Resolution (ADR) is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which it may be entitled.
30. **Dispute Resolution**
- 30.1 In the event of a dispute as to the construction or interpretation of this Agreement, or any rights or obligations hereunder, the Parties shall first attempt, in good faith, to resolve the dispute by mediation. The Parties shall mutually select a mediator to facilitate the resolution of the dispute. If the Parties are unable to agree on a mediator, the mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Agreement, through the alternate dispute resolution procedures of Judicial Arbitration through Mediation Services of Orange County ("JAMS"), or any similar organization or entity conducting an alternate dispute resolution process.
- 30.2 In the event the Parties are unable to timely resolve the dispute through mediation, the issues in dispute shall be submitted to arbitration pursuant to California Code of Civil Procedure, Part 3, Title 9, Sections 1280 et seq. For such purpose, an agreed arbitrator shall be selected, or in the absence of agreement, each party shall select an arbitrator, and those two (2) arbitrators shall select a third. Discovery may be conducted in connection with the arbitration proceeding pursuant to California Code of Civil Procedure Section 1283.05. The arbitrator, or three (3) arbitrators acting as a board, shall take such evidence and make such investigation as deemed appropriate and shall render a written decision on the matter in question. The arbitrator shall decide each and every dispute in accordance with the laws of the State of California. The arbitrator's decision and award shall be subject to review for errors of fact or law in the Superior Court for the County of Orange, with a right of appeal from any judgment issued therein.

31. **Damage to OC San's Property** Any OC San property damaged by Consultant will be subject to repair or replacement by Consultant at no cost to OC San.
32. **Contractor Safety Standards and Human Resources Policies** OC San requires Consultant and its subconsultants to follow and ensure their employees follow all Federal, State and local regulations as well as Contractor Safety Standards while working at OC San locations. If during the course of the Agreement it is discovered that Contractor Safety Standards do not comply with Federal, State or local regulations, then the Consultant is required to follow the most stringent regulatory requirement at no additional cost to OC San. Consultant and all of its employees and subconsultants, shall adhere to all applicable Contractor Safety Standards attached hereto in Exhibit "D" and the Human Resources Policies in Exhibit "E".
33. **Freight (F.O.B. Destination)** Consultant assumes full responsibility for all transportation, transportation scheduling, packing, handling, insurance, and other services associated with delivery of all products deemed necessary under this Agreement.
34. **Assignments** Consultant shall not delegate any duties nor assign any rights under this Agreement without the prior written consent of OC San. Any such attempted delegation or assignment shall be void.
35. **Conflict of Interest and Reporting**
- 35.1 Consultant shall at all times avoid conflicts of interest or appearance of conflicts of interest in performance of this Agreement.
- 35.2 Consultant affirms that to the best of its knowledge there exists no actual or potential conflict between Consultant's families, business or financial interest or its Services under this Agreement, and in the event of change in either its private interests or Services under this Agreement, it will raise with OC San any question regarding possible conflict of interest which may arise as a result of such change.
36. **Third Party Rights** Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than OC San and Consultant.
37. **Non-Liability of OC San Officers and Employees** No officer or employee of OC San shall be personally liable to Consultant, or any successor-in-interest, in the event of any default or breach by OC San or for any amount which may become due to Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.
38. **Authority to Execute** The persons executing this Agreement on behalf of the Parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the Parties are formally bound.
39. **Read and Understood** By signing this Agreement, Consultant represents that it has read and understood the terms and conditions of the Agreement.
40. **Entire Agreement** This Agreement constitutes the entire agreement of the Parties and supersedes all prior written or oral and all contemporaneous oral agreements, understandings, and negotiations between the Parties with respect to the subject matter hereof.

- 41. Notices** All notices under this Agreement must be in writing. Written notice shall be delivered by personal service or sent by registered or certified mail, postage prepaid, return receipt requested, or by any other overnight delivery service which delivers to the noticed destination and provides proof of delivery to the sender. Any facsimile notice must be followed within three (3) days by written notice. Rejection or other refusal to accept or the inability to deliver because of changed address for which no notice was given as provided hereunder shall be deemed to be receipt of the notice, demand or request sent. All notices shall be effective when first received at the following addresses:

OC San: Cori Voss
Senior Buyer
Orange County Sanitation District
10844 Ellis Avenue
Fountain Valley, CA 92708-7018

Consultant: Anna Lantin, P.E.
Vice President
HDR Engineering, Inc.
3230 El Camino Real, Site 200
Irvine, CA 92108

Each party shall provide the other party written notice of any change in address as soon as practicable.

[Intentionally left blank. Signatures follow on the next page.]

IN WITNESS WHEREOF, intending to be legally bound, the Parties hereto have caused this Contract to be signed by the duly authorized representatives.

ORANGE COUNTY SANITATION DISTRICT

Dated: _____

By: _____
John B. Withers
Chair, Board of Directors

Dated: _____

By: _____
Kelly A. Lore
Clerk of the Board

Dated: _____

By: _____
Ruth Zintzun
Purchasing & Contracts Manager

HDR ENGINEERING, INC.

Dated: _____

By: _____

Print Name and Title of Officer

CMM

Exhibit “A”
SCOPE OF WORK

EXHIBIT A
SCOPE OF WORK
COMPREHENSIVE COST OF SERVICE RATE STUDY
SPECIFICATION NO. CS-2021-1287BD

1 INTRODUCTION

The Orange County Sanitation District (OC San) is seeking a qualified Consultant to conduct a comprehensive cost of service rate study for Regional Sewer Service, Capital Facility Capacity Charges, and ancillary services provided to customers in our service area as well as wholesale customers outside of our service area.

2 BACKGROUND, PROJECT INFORMATION AND REQUIREMENTS

The OC San is responsible for safely collecting, treating, and disposing the wastewater generated by the 2.6 million people living in a 479-square-mile-area of central and northwest Orange County. OC San operates two wastewater treatment/reclamation plants, 15 off-site pump stations and owns and maintains 388 miles of pipes throughout our service area. Approximately 182 million gallons of wastewater is treated daily.

On March 28, 2018, the OC San Board of Directors adopted a five-year rate study that recommended annual sewer rates to support OC San operations through June 30, 2023. Under this project, Consultant shall study and recommend sewer rates for the next five-year period as well as rates for other charges. OC San intends to comply with Proposition 218 Notification requirements; therefore, this rate analysis must be conducted and documented as to comply with all legal requirements.

3 Project Elements/Requirements

Consultant must prepare a comprehensive rate study update for OC San. The final product will consist of a report documenting the findings and making recommendations for OC San rates for the next five years.

The study shall include, but not be limited to the following:

- A cost allocation assigning operations and maintenance as well as capital expenditures to Flow, Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS). This functional allocation will be used as the basis for assigning treatment costs to the different customer classes including wholesale users;
- A review of the revenue requirements, including long term maintenance and replacement costs, for the next 5 years to be used for rate setting for both

Regional Sewer Service as well as Flow, Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) for Industrial Waste Dischargers;

- Develop a wastewater cost of service and rate model for OC San covering a five-year period (Fiscal Years 2023/24 through 2027/28) for both on-going operations and planned capital improvements;
- A recommended methodology and rate schedule for Capital Facility Capacity Charges as well as Supplemental Capital Facility Capacity Charges;
- Develop a five-year sewer service fee program that produces revenues adequate to meet the financial needs of OC San as well as the operational and capital needs, while recognizing customer cost of service, and local and state legal and policy considerations (Prop 218 & 26);
- An evaluation of the current rebate methodology for Regional sewer service fees and recommend adjustments if needed;
- A review and update of other miscellaneous fees including annexation fees;
- A review and determination of comparable charges for dry weather urban runoff flows;
- A survey of the rates and fees charged by other, comparable, municipality wastewater utilities;
- An easy-to-use electronic model in Microsoft Excel to be used by OC San for future rate setting.

4 Study Requirements

The rate study requirements shall include but are not limited to:

- Using the current rate structure as the starting point for the recommendations and proposals to be developed.
- The recommended rate structure shall be based on cost of service and shall be sufficient to meet the short-term and long-term revenue requirements of OC San.
- The recommended rate structure shall provide direct identification of revenues appropriate to fund operating activities and infrastructure.
- The recommended rate structure shall result in no decrease in stability of the revenue stream as compared to current structures.

- The recommended rate structure shall consider the type and amount of reserves appropriate to the investment policy of OC San.
- The rate study shall document the methodology used in the rate recommendations and the justification for the proposed rate structure

5 PROJECT SCHEDULE

The schedule for the completion of the study is anticipated to be five months from the Notice to Proceed effective date. The Consultant is encouraged to begin the study immediately after the Notice to Proceed.

Tentative Project Schedule

- Board Authorization – March 2022
- Award Contract – March 2022
- Notice to Proceed – April 2022
- Draft Study Due- September 2022
- Final Study Due – October 2022
- Board Review & Discussion – November/ December 2022
- Board Adoption of Ordinances – February/March 2023

6 Additional Requirements/Meetings

Meetings with OC San staff and/or OC San Board of Directors at key points throughout the course of the project to review and discuss the overall project should be anticipated. This will include at a minimum:

- A. Kick-Off Meeting
- B. Interim Meeting where the rate structure models are run with various capital and operating budget scenarios.
- C. Attendance at a minimum of two meetings/public hearings of the Administration Committee and/or Board of Directors meetings where the rate study and rate schedules will be considered.

7 Project Activities

Task 1 – Project Management

Task 2 – Project Initiation Meeting and Data Collection

Task 3 – Capital Facilities Plan Assessment

Task 4 – Revenue Requirement Projections

Task 5 – Classification of Costs

Task 6 – Cost of Service Analyses

Task 7 – Review and Development of Rate Structure

Task 8 – Preliminary Draft Report and Meeting

8 Resources Available

OC San staff can assist with:

- A. Collection of pertinent secondary source information.
- B. Provision of any existing level of service standards, if available.
- C. Identification of future Capital Improvement Program projects.
- D. Provision of financial, budgetary and customer documentation upon request.
- E. Review of draft reports prior to their reproduction and distribution.
- F. Coordination and scheduling of meetings between Consultant and OC San Staff.
- G. Provision of interim briefings to the OC San Board of Directors on the progress of the study.
- H. Additional team involvement as mutually agreed upon.
- I. Meetings with OC San staff shall be scheduled from Tuesday through Friday between the hours of 8 a.m. and 4 p.m. (exception is Operations staff who maintain plant operations 24/7 and work a rotated 12-hour shift) and shall conform to OC San work schedules.