

**PROFESSIONAL CONSULTANT SERVICES AGREEMENT**  
**Comprehensive Cost of Service Rate Study**  
**Specification No. CS-2025-711BD**

This PROFESSIONAL CONSULTANT SERVICES AGREEMENT (hereinafter referred to as "Agreement") is made and entered into as of the date fully executed below, by and between Orange County Sanitation District (hereinafter referred to as "OC San") and HDR Engineering, Inc. (hereinafter referred to as "Consultant"), and collectively referred to herein as the "Parties."

**RECITALS**

WHEREAS, OC San desires to obtain Comprehensive Cost of Service Rate Study as described in Exhibit "A" attached hereto and incorporated herein by this reference ("Services"); and

WHEREAS, Consultant is qualified to provide the Services by virtue of experience, training, and expertise; and

WHEREAS, OC San desires to engage Consultant to render the Services as provided herein; and

WHEREAS, OC San selected Consultant to provide the Services in accordance with OC San's current Purchasing Ordinance; and

WHEREAS, on March 25, 2026, OC San's Board of Directors, by minute order, authorized execution of this Agreement.

NOW, THEREFORE, in consideration of the above recitals and the mutual promises and benefits specified below, the Parties agree as follows:

**1. General.**

- 1.1 This Agreement and all exhibits hereto are made by OC San and the Consultant.
- 1.2 The following exhibits, in order of precedence, are incorporated by reference and made part of this Agreement.  
  
Exhibit "A" – Scope of Work  
Exhibit "B" – Proposal and BAFO  
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 in the Agreement shall control and thereafter the provisions in the document highest in precedence shall be controlling.
- 1.4 Except as expressly provided otherwise, OC San accepts no liability for any expenses, losses, or actions incurred or undertaken by Consultant as a result of work performed in anticipation of purchases of the Services by OC San.

1.5 Work Hours: The work required under the Agreement may include normal business hours, evenings, and weekends. OC San will not pay for travel time; and

All work or meetings with OC San staff shall be scheduled Monday through Thursday, between the hours of 8:00 a.m. and 4:00 p.m. and shall conform to OC San work schedules.

1.6 Days: Shall mean calendar days, unless otherwise noted.

1.7 OC San holidays (non-working days) are as follows: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, and Christmas Day.

1.8 The provisions of this Agreement may be amended or waived only by an amendment executed by authorized representatives of both Parties.

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

## **2. Scope of Work.**

2.1 Consultant shall provide the Services identified in Exhibit "A" in a competent, professional, and satisfactory manner in accordance with generally accepted industry and professional standards, including ethical practices, and standards of care and competence for its trade/profession.

2.2 Modifications to Scope of Work. OC San shall have the right to modify the Scope of Work at any time. All modifications must be made by an amendment signed by both Parties.

2.3 Familiarity with Work. By executing this Agreement, Consultant warrants that: (a) it has investigated the work to be performed; and (b) it understands the facilities, difficulties, and restrictions of the work under this Agreement. Should Consultant discover any latent or unknown condition 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.

2.4 Performance. Time is of the essence in the performance of the provisions hereof.

## **3. Agreement Term.**

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

3.2 Extensions. The term of this Agreement may be extended only by an amendment signed by both Parties.

**4. Compensation.**

4.1 As compensation for the Services provided under this Agreement, OC San shall pay Consultant a total amount not to exceed Two Hundred Fifty-Four Thousand Two Hundred Eighty Dollars (\$254,280.00).

4.2 Consultant shall provide OC San with all required premiums and/or overtime work at no charge beyond the amount specified above.

**5. Payments and Invoicing.**

5.1 OC San shall pay itemized invoices submitted monthly for work completed in accordance with Exhibit "A" and consistent with Exhibit "B" thirty (30) days from receipt of the invoice and after approval by OC San's Project Manager or designee. OC San shall be the determining party, in its sole discretion, as to whether the Services have been satisfactorily completed.

5.2 Consultant shall submit its invoices to OC San Accounts Payable by electronic mail to [APStaff@OCSan.gov](mailto:APStaff@OCSan.gov). In the subject line include "INVOICE" and the Purchase Order Number.

**6. Key Personnel.** 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 under this Agreement.

**7. 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 contracts with its subconsultants provide for assignment to OC San of any documents or materials prepared by them.

**8. Ownership of Intellectual Property.**

8.1 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.

8.2 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 regarding New Developments and confidential information.

8.3 Consultant warrants that Consultant will have 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.

8.4 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 the Services hereunder shall be delivered to and shall become the exclusive property of OC San. OC San may utilize such documents, at its own risk, for OC San's applications on other projects or extensions of this project.

**9. Right to Review Services, Facilities, and Records.**

9.1 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 in such endeavor.

9.2 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.

9.3 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.

**10. Conflict of Interest and Reporting.**

10.1 Consultant shall, at all times, avoid conflicts of interest or appearance of conflicts of interest in performance of this Agreement.

10.2 Consultant affirms that, to the best of its knowledge, there exists no actual or potential conflict between Consultant's families, business, or financial interest and the Services under this Agreement and in the event of change in either its private interests or Services under this Agreement, it shall raise with OC San any question regarding possible conflict of interest which may arise as a result of such change.

**11. Damage to OC San's Property.** Any of OC San's property damaged by Consultant, any subconsultant, subcontractor, or by the personnel of either will be subject to repair or replacement by Consultant at no cost to OC San.

**12. 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.

13. **Audit Rights.** Consultant agrees that, during the term of this Agreement and for a period of three (3) years after its expiration or 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.
14. **Contractor Safety Standards and Human Resources Policies.** OC San requires Consultant, its subconsultants, and its subcontractors 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, the Consultant is required to follow the most stringent regulatory requirement at no additional cost to OC San. Consultant, its subconsultants, and all of their employees shall adhere to all applicable Contractor Safety Standards in Exhibit "D" and the Human Resources Policies in Exhibit "E."
15. **Insurance.** Consultant and all its subconsultants shall purchase and maintain, throughout the term of this Agreement and any periods of warranty or extensions, insurance in amounts equal to the requirements set forth in the signed Exhibit "C" – Determined Insurance Requirement Form. 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 obtain and maintain the required insurance coverage shall result in termination of this Agreement.
16. **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 may be caused by Consultant's Services under this Agreement, or by 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 Consultant's performance under the Agreement, and/or (b) on account of use of 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 goods and services provided under this Agreement. This indemnification provision shall apply to any acts or omissions, willful misconduct, or negligent 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.

**17. Independent Contractor.**

- 17.1 The relationship between the Parties hereto is that of an independent contractor and nothing herein shall be construed as creating an employment or agency relationship.
- 17.2 During the performance of this Agreement, Consultant and its officers, employees, and agents shall act in an independent capacity and shall not act as OC San's officers, employees, or agents. OC San assumes no liability for Consultant's action and performance nor assumes responsibility for taxes, funds, payments, or other commitments, expressed or implied, by or for Consultant.
- 17.3 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 prior expressed written consent.
- 17.4 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, or holiday or sick pay. Consultant shall be responsible for providing, at Consultant's expense, disability, worker's compensation, and other insurance as well as licenses and permits usual or necessary for conducting the Services hereunder.
- 17.5 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.
- 17.6 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.

**18. Subcontracting and Assignment.** 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.

**19. Intentionally Omitted.**

**20. Confidentiality and Non-Disclosure.**

- 20.1 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.
- 20.2 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, confidential information, knowledge, or data relating to the products, process, or operation of OC San.

20.3 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.

20.4 Consultant agrees as follows:

20.4.1 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.

20.4.2 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.

20.4.3 To return all confidential information in Consultant's possession upon termination of this Agreement or upon OC San's request, whichever occurs first.

20.4.4 To hold in confidence information and materials, if any, developed pursuant to the Services hereunder.

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

**21. 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 under the terms of this Agreement.

**22. Third-Party Rights.** Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than OC San and Consultant.

**23. Applicable Laws and Regulations.** Consultant shall comply with all applicable Federal, State, and local laws, rules, and regulations. Consultant also agrees to indemnify and hold OC San harmless from any and all damages and liabilities assessed against OC San as a result of Consultant's noncompliance therewith. Any provision required by law to be included herein shall be deemed included as a part of this Agreement whether or not specifically included or referenced.

**24. Licenses, Permits, Ordinances, and Regulations.** Consultant represents and warrants to OC San that it has obtained all licenses, permits, qualifications, and approvals of whatever nature that are legally required to provide the Services. Any and all fees required by Federal, State, County, City, and/or municipal laws, codes, and/or tariffs that pertain to the work performed under this Agreement will be paid by Consultant.

**25. Regulatory Requirements.** Consultant shall perform all work under this Agreement in strict conformance with applicable Federal, State, and local regulatory requirements including, but not limited to, 40 CFR 122, 123, 124, 257, 258, 260, 261, and 503, Title 22, 23, and Water Codes Division 2.

**26. 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 subconsultants, subcontractors, and the Services, including, but not limited to, all applicable Federal, State, and local air pollution control laws and regulations.

**27. California Air Resources Board Mobile Source Regulations.**

Consultant and its applicable subconsultants and subcontractors shall comply with the following California Air Resources Board Mobile Source Regulations:

- Advanced Clean Fleet (ACF): 13 CCR 2013-2013.4; 13 CCR 2015-2015.6
- Truck & Bus Regulation (T&B): 13 CCR 2025
- Clean Truck Check (CTC): 13 CCR 2195-2199.1
- Off-Road Diesel Amendments (ORD): 13 CCR 2449-2449.2

**28. Dispute Resolution.**

28.1 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.

28.2 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 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 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.

**29. 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, OC San may (a) cancel the Agreement; (b) recover whatever amount of the purchase price OC San has paid, and/or (c) “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 (c), 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, together with any incidental or consequential damages.

30. **Force Majeure.** Neither party shall be liable for delays caused by accident, flood, acts of God, fire, labor trouble, war, acts of government, pandemics, epidemics, quarantine restrictions, or any other cause beyond its control, but the affected 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 of the Parties.

31. **Termination.**

31.1 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, provided OC San shall not terminate with cause unless OC San provided written notice of the breach and Consultant fails to cure within ten (10) days of receipt of such notice. 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) through 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 through the date of termination.

31.2 OC San reserves the right to terminate this Agreement subject to the cure opportunity set forth in Section 31.1 herein upon OC San's determination that Consultant is not complying with the Scope of Work requirements, if the level of service is inadequate, or for any other default of this Agreement.

31.3 OC San may also immediately terminate this Agreement for default, 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 the total amount of compensation exceeds the amount authorized under this Agreement.

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

32. **Attorney's Fees.** If any action at law or in equity 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 the prevailing party may be entitled.

33. **Waiver.** The waiver by 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.

34. **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.

35. **Survival.** The provisions of this Agreement dealing with payment, warranty, indemnity, and forum for enforcement shall survive expiration or early termination of this Agreement.

36. **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 the County of Orange in the event any action is brought in connection with this Agreement or the performance thereof.

37. **Notices.**

37.1 All notices under this Agreement must be in writing. Written notice shall be delivered by personal service, by electronic telecommunication, 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. 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:           Jeremey Arbiso  
Senior Buyer  
Orange County Sanitation District  
18480 Bandilier Circle  
Fountain Valley, CA 92708  
[jarbiso@ocsan.gov](mailto:jarbiso@ocsan.gov)

Consultant:      Anna Lantin  
Senior Vice President  
HDR Engineering, Inc.  
3220 El Camino Real, Suite 200  
Irvine, CA 92620  
[Anna.Lantin@HDRinc.com](mailto:Anna.Lantin@HDRinc.com)

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

38. **Read and Understood.** By signing this Agreement, Consultant represents that it has read and understood the terms and conditions of the Agreement.

39. **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.

40. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties and supersedes all prior written or oral communications and all contemporaneous oral agreements, understandings, and negotiations between the Parties with respect to the subject matter hereof.

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

**ORANGE COUNTY SANITATION DISTRICT**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan P. Gallagher  
Chair, Board of Directors

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Kelly A. Lore  
Clerk of the Board

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Kevin Work  
Purchasing & Contracts Manager

**HDR ENGINEERING, INC.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_  
Print Name and Title of Officer

YP

**EXHIBIT A**  
**SCOPE OF WORK**  
**For**  
**Comprehensive Cost of Service Rate Study**

**EXHIBIT A  
SCOPE OF WORK  
COMPREHENSIVE COST OF SERVICE RATE STUDY  
SPECIFICATION NO. CS-2025-711BD**

**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**

OC San is responsible for safely collecting, treating, and disposing the wastewater generated by 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 December 15, 2022, 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, 2028. OC San is seeking to adopt new rates for FY 2027/28 through FY 2031/32 due to a change in the customer base and the need to comply with the Proposition 218 requirements for new customers.

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. OC has other resources that will handle the preparation of the Proposition 218 notices and outreach efforts.

**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 2027/28 through 2031/32) 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 or user-friendly application, to be used by OC San for future rate setting;
- Additional analyses and review as necessary to evidence compliance with applicable legal requirements.

#### **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.

- The rate study and supporting documentation shall include all data and analysis necessary to support legal compliance, and document findings through easily understandable narrative.

## **5 PROJECT SCHEDULE**

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

### **Tentative Project Schedule**

- Board Authorization – March 2026
- Award Contract – March 2026
- Notice to Proceed – April 2026
- Draft Study Due- September 2026
- Final Study Due – October 2026
- Board Review & Discussion – November/ December 2026
- Board Adoption of Ordinances – February/March 2027

## **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 (virtual or in-person)
- B. Interim Meeting where the rate structure models are run with various capital and operating budget scenarios (virtual or in-person).
- 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, these meetings require in person attendance.
- D. Initial discussions with legal counsel and completion of draft report with at least 3 weeks for review by legal counsel and OC San staff.

## **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
- Task 9 - Final Report

## **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.