# PROFESSIONAL SERVICES AGREEMENT

**City Manager's Office**  
701 Laurel St., Menlo Park, CA 94025  
tel 650-330-6620

## AGREEMENT FOR SERVICES BETWEEN  
THE CITY OF MENLO PARK AND BARTLE WELLS ASSOCIATES

**This Agreement** made and entered into at Menlo Park, California, this 30th day of January, 2019, by and between the CITY OF MENLO PARK, a Municipal Corporation, hereinafter referred to as "CITY," and BARTLE WELLS ASSOCIATES, hereinafter referred to as "FIRST PARTY."

WITNESSETH:

WHEREAS, CITY desires to retain FIRST PARTY to provide certain professional services for CITY in connection with that certain project called: Water Financial Plan Update;

WHEREAS, FIRST PARTY is licensed to perform said services and desires to and does hereby undertake to perform said services;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, PROMISES AND CONDITIONS of each of the parties hereto, it is hereby agreed as follows:

### 1. SCOPE OF WORK

In consideration of the payment by CITY to FIRST PARTY, as hereinafter provided, FIRST PARTY agrees to perform all the services as set forth in Exhibit "A," Scope of Services.

### 2. SCHEDULE FOR WORK

FIRST PARTY's proposed schedule for the various services required pursuant to this agreement will be as set forth in Exhibit "A," Scope of Services. CITY will be kept informed as to the progress of work by written reports, to be submitted monthly or as otherwise required in Exhibit "A." Neither party shall hold the other responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents or other events beyond the control of the other, or the other's employees and agents.

FIRST PARTY shall commence work immediately upon receipt of a "Notice to Proceed" from CITY. The "Notice to Proceed" date shall be considered the "effective date" of the agreement, as used herein, except as otherwise specifically defined. FIRST PARTY shall complete all the work and deliver to CITY all project related files, records, and materials within one month after completion of all of FIRST PARTY's activities required under this agreement.

### 3. PROSECUTION OF WORK

FIRST PARTY will employ a sufficient staff to prosecute the work diligently and continuously and will complete the work in accordance with the schedule of work approved by the CITY. (See Exhibit "A," Scope of Services).
4. COMPENSATION AND PAYMENT

A. CITY shall pay FIRST PARTY an all-inclusive fee that shall not exceed $11,000 as described in Exhibit "A," Scope of Services. This compensation shall be based on the rates described in Exhibit "A." All payments, including fixed hourly rates, shall be inclusive of all indirect and direct charges to the Project incurred by FIRST PARTY. The CITY reserves the right to withhold payment if the City determines that the quality or quality of the work performed is unacceptable.

B. FIRST PARTY's fee for the services as set forth herein shall be considered as full compensation for all indirect and direct personnel, materials, supplies and equipment, and services incurred by FIRST PARTY and used in carrying out or completing the work.

C. Payments shall be monthly for the invoice amount or such other amount as approved by CITY. As each payment is due, the FIRST PARTY shall submit a statement describing the services performed to CITY. This statement shall include, at a minimum, the project title, agreement number, the title(s) of personnel performing work, hours spent, payment rate, and a listing of all reimbursable costs. CITY shall have the discretion to approve the invoice and the work completed statement. Payment shall be for the invoice amount or such other amount as approved by CITY.

D. Payments are due upon receipt of written invoices. CITY shall have the right to receive, upon request, documentation substantiating charges billed to CITY. CITY shall have the right to perform an audit of the FIRST PARTY's relevant records pertaining to the charges.

5. EQUAL EMPLOYMENT OPPORTUNITY

A. FIRST PARTY, with regard to the work performed by it under this agreement shall not discriminate on the grounds of race, religion, color, national origin, sex, handicap, marital status or age in the retention of sub-consultants, including procurement of materials and leases of equipment.

B. FIRST PARTY shall take affirmative action to insure that employees and applicants for employment are treated without regard to their race, color, religion, sex, national origin, marital status or handicap. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training including apprenticeship.

C. FIRST PARTY shall post in prominent places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

D. FIRST PARTY shall state that all qualified applications will receive consideration for employment without regard to race, color, religion, sex, national origin, marital status or handicap.

E. FIRST PARTY shall comply with Title VI of the Civil Rights Act of 1964 and shall provide such reports as may be required to carry out the intent of this section.

F. FIRST PARTY shall incorporate the foregoing requirements of this section in FIRST PARTY's agreement with all sub-consultants.

6. ASSIGNMENT OF AGREEMENT AND TRANSFER OF INTEREST

A. FIRST PARTY shall not assign this agreement, and shall not transfer any interest in the same (whether by assignment or novation), without prior written consent of the CITY thereto, provided, however, that claims for money due or to become due to the FIRST PARTY from the CITY under this agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of an intended assignment or transfer shall be furnished promptly to the CITY.

B. In the event there is a change of more than 30 percent of the stock ownership or ownership in FIRST PARTY from the date of this agreement is executed, then CITY shall be notified before the date of said change of stock ownership or interest and CITY shall have the right, in event of such change in stock ownership or interest, to terminate this agreement upon notice to FIRST PARTY. In the event CITY is not notified of any such change in stock ownership or interest, then upon knowledge of same, it shall be deemed that CITY has terminated this agreement.
### 7. INDEPENDENT WORK CONTROL

It is expressly agreed that in the performance of the service necessary for compliance with this agreement, FIRST PARTY shall be and is an independent contractor and is not an agent or employee of CITY. FIRST PARTY has and shall retain the right to exercise full control and supervision of the services and full control over the employment, direction, compensation and discharge of all persons assisting FIRST PARTY in the performance of FIRST PARTY’s services hereunder. FIRST PARTY shall be solely responsible for its own acts and those of its subordinates and employees.

### 8. CONSULTANT QUALIFICATIONS

It is expressly understood that FIRST PARTY is licensed and skilled in the professional calling necessary to perform the work agreed to be done by it under this agreement and CITY relies upon the skill of FIRST PARTY to do and perform said work in a skillful manner usual to the profession. The acceptance of FIRST PARTY’s work by CITY does not operate as a release of FIRST PARTY from said understanding.

### 9. NOTICES

All notices hereby required under this agreement shall be in writing and delivered in person or sent by certified mail, postage prepaid or by overnight courier service. Notices required to be given to CITY shall be addressed as follows:

Justin I. C. Murphy  
Public Works  
City of Menlo Park  
701 Laurel St.  
Menlo Park, CA 94025  
650-330-6740  
nmmeilgar@menlopark.org

Notices required to be given to FIRST PARTY shall be addressed as follows:

Alex Handlers  
Bartle Wells Associates  
1889 Alcatraz Avenue  
Berkeley, CA 94703  
510-653-3399 x109  
alex@bartlewells.com

Provided that any party may change such address by notice, in writing, to the other party and thereafter notices shall be addressed and transmitted to the new address.

### 10. HOLD HARMLESS

The FIRST PARTY shall defend, indemnify and hold harmless the CITY, its subsidiary agencies, their officers, agents, employees and servants from all claims, suits or actions that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the FIRST PARTY brought for, or on account of, injuries to or death of any person or damage to property resulting from the performance of any work required by this agreement by FIRST PARTY, its officers, agents, employees and servants. Nothing herein shall be construed to require the FIRST PARTY to defend, indemnify or hold harmless the CITY, its subsidiary agencies, their officers, agents, employees and servants against any responsibility to liability in contravention of Section 2782.8 of the California Civil Code.
11. INSURANCE

A. FIRST PARTY shall not commence work under this agreement until all insurance required under this Section has been obtained and such insurance has been approved by the City, with certificates of insurance evidencing the required coverage.

B. There shall be a contractual liability endorsement extending the FIRST PARTY’s coverage to include the contractual liability assumed by the FIRST PARTY pursuant to this agreement. These certificates shall specify or be endorsed to provide that thirty (30) days’ notice must be given, in writing, to the CITY, at the address shown in Section 9, of any pending cancellation of the policy. FIRST PARTY shall notify CITY of any pending change to the policy. All certificates shall be filed with the City.

1. Workers’ compensation and employer’s liability insurance:
The FIRST PARTY shall have in effect during the entire life of this agreement workers’ compensation and Employer’s Liability Insurance providing full statutory coverage. In signing this agreement, the FIRST PARTY makes the following certification, required by Section 3700 of the California Labor Code: “I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this agreement” (not required if the FIRST PARTY is a Sole Proprietor).

2. Liability insurance:
The FIRST PARTY shall take out and maintain during the life of this agreement such Bodily Injury Liability and Property Damage Liability Insurance (Commercial General Liability Insurance) on an occurrence basis as shall protect it while performing work covered by this agreement from any and all claims for damages for bodily injury, including accidental death, as well as claims for property damage which may arise from the FIRST PARTY’s operations under this agreement, whether such operations be by FIRST PARTY or by any sub-consultant or by anyone directly or indirectly employed by either of them. The amounts of such insurance shall be not less than one million dollars ($1,000,000) per occurrence and one million dollars ($1,000,000) in aggregate, or one million dollars ($1,000,000) combined single limit bodily injury and property damage for each occurrence. FIRST PARTY shall provide the CITY with acceptable evidence of coverage, including a copy of all declarations of coverage exclusions. FIRST PARTY shall maintain Automobile Liability Insurance pursuant to this agreement in an amount of not less than one million dollars ($1,000,000) for each accident combined single limit or not less than one million dollars ($1,000,000) for any one (1) person, and one million dollars ($1,000,000) for any one (1) accident, and Three Hundred Thousand Dollars, ($300,000) property damage.

3. Professional liability insurance:
FIRST PARTY shall maintain a policy of professional liability insurance, protecting it against claims arising out of the negligent acts, errors, or omissions of FIRST PARTY pursuant to this agreement, in the amount of not less than one million dollars ($1,000,000) per claim and in the aggregate. Said professional liability insurance is to be kept in force for not less than one (1) year after completion of services described herein.

C. CITY and its subsidiary agencies, and their officers, agents, employees and servants shall be named as additional insured on any such policies of Commercial General Liability and Automobile Liability Insurance, (but not for the Professional Liability and workers’ compensation), which shall also contain a provision that the insurance afforded thereby to the CITY, its subsidiary agencies, and their officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy, and that if the CITY, its subsidiary agencies and their officers and employees have other insurance against a loss covered by a policy, such other insurance shall be excess insurance only.

D. In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, CITY, at its option, may, notwithstanding any other provision of this agreement to the contrary, immediately declare a material breach of this agreement and suspend all further work pursuant to this agreement.

E. Before the execution of this agreement, any deductibles or self-insured retentions must be declared to and approved by CITY.
12. PAYMENT OF PERMITS/LICENSES

Contractor shall obtain any license, permit, or approval if necessary from any agency whatsoever for the work/services to be performed, at his/her own expense, before commencement of said work/services or forfeit any right to compensation under this agreement.

13. RESPONSIBILITY AND LIABILITY FOR SUB-CONSULTANTS AND/OR SUBCONTRACTORS

Approval of or by CITY shall not constitute nor be deemed a release of responsibility and liability of FIRST PARTY or its sub-consultants and/or subcontractors for the accuracy and competency of the designs, working drawings, specifications or other documents and work, nor shall its approval be deemed to be an assumption of such responsibility by CITY for any defect in the designs, working drawings, specifications or other documents prepared by FIRST PARTY or its sub-consultants and/or subcontractors.

14. OWNERSHIP OF WORK PRODUCT

Work products of FIRST PARTY for this project, which are delivered under this agreement or which are developed, produced and paid for under this agreement, shall become the property of CITY. The reuse of FIRST PARTY's work products by City for purposes other than intended by this agreement shall be at no risk to FIRST PARTY.

15. REPRESENTATION OF WORK

Any and all representations of FIRST PARTY, in connection with the work performed or the information supplied, shall not apply to any other project or site, except the project described in Exhibit "A" or as otherwise specified in Exhibit "A."

16. TERMINATION OF AGREEMENT

A. CITY may give thirty (30) days written notice to FIRST PARTY, terminating this agreement in whole or in part at any time, either for CITY's convenience or because of the failure of FIRST PARTY to fulfill its contractual obligations or because of FIRST PARTY's change of its assigned personnel on the project without prior CITY approval. Upon receipt of such notice, FIRST PARTY shall:
   1. Immediately discontinue all services affected (unless the notice directs otherwise); and
   2. Deliver to the CITY all data, drawings, specifications, reports, estimates, summaries, and such other information and materials as may have been accumulated or produced by FIRST PARTY in performing work under this agreement, whether completed or in process.

B. If termination is for the convenience of CITY, an equitable adjustment in the contract price shall be made, but no amount shall be allowed for anticipated profit on unperformed services.

C. If the termination is due to the failure of FIRST PARTY to fulfill its agreement, CITY may take over the work and prosecute the same to completion by agreement or otherwise. In such case, FIRST PARTY shall be liable to CITY for any reasonable additional cost occasioned to the CITY thereby.

D. If, after notice of termination for failure to fulfill agreement obligations, it is determined that FIRST PARTY had not so failed, the termination shall be deemed to have been effected for the convenience of the CITY. In such event, adjustment in the contract price shall be made as provided in Paragraph B of this Section.

E. The rights and remedies of the CITY provided in this Section are in addition to any other rights and remedies provided by law or under this agreement.

F. Subject to the foregoing provisions, the CITY shall pay FIRST PARTY for services performed and expenses incurred through the termination date.
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<th>17. INSPECTION OF WORK</th>
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<td>It is FIRST PARTY’s obligation to make the work product available for CITY’s inspections and periodic reviews upon request by CITY.</td>
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<th>18. COMPLIANCE WITH LAWS</th>
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<td>It shall be the responsibility of FIRST PARTY to comply with all State and Federal Laws applicable to the work and services provided pursuant to this agreement, including but not limited to compliance with prevailing wage laws, if applicable.</td>
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<tr>
<th>19. BREACH OF AGREEMENT</th>
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<td>A. This agreement is governed by applicable federal and state statutes and regulations. Any material deviation by FIRST PARTY for any reason from the requirements thereof, or from any other provision of this agreement, shall constitute a breach of this agreement and may be cause for termination at the election of the CITY.</td>
</tr>
<tr>
<td>B. The CITY reserves the right to waive any and all breaches of this agreement, and any such waiver shall not be deemed a waiver of any previous or subsequent breaches. In the event the CITY chooses to waive a particular breach of this agreement, it may condition same on payment by FIRST PARTY of actual damages occasioned by such breach of agreement.</td>
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<th>20. SEVERABILITY</th>
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<td>The provisions of this agreement are severable. If any portion of this agreement is held invalid by a court of competent jurisdiction, the remainder of the agreement shall remain in full force and effect unless amended or modified by the mutual consent of the parties.</td>
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<th>21. CAPTIONS</th>
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<td>The captions of this agreement are for convenience and reference only and shall not define, explain, modify, limit, exemplify, or aid in the interpretation, construction, or meaning of any provisions of this agreement.</td>
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<th>22. LITIGATION OR ARBITRATION</th>
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<td>In the event that suit or arbitration is brought to enforce the terms of this agreement, the prevailing party shall be entitled to litigation costs and reasonable attorneys’ fees. The Dispute Resolution provisions are set forth on Exhibit &quot;B,&quot; ‘Dispute Resolution’ attached hereto and by this reference incorporated herein.</td>
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<th>23. RETENTION OF RECORDS</th>
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<td>Contractor shall maintain all required records for three years after the City makes final payment and all other pending matters are closed, and shall be subject to the examination and/or audit of the City, a federal agency, and the state of California.</td>
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<th>24. TERM OF AGREEMENT</th>
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<td>This agreement shall remain in effect for the period of January 7, 2019 through June 30, 2019 unless extended, amended, or terminated in writing by CITY.</td>
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</table>
25. ENTIRE AGREEMENT

This document constitutes the sole agreement of the parties hereto relating to said project and states the rights, duties, and obligations of each party as of the document’s date. Any prior agreement, promises, negotiations, or representations between parties not expressly stated in this document are not binding. All modifications, amendments, or waivers of the terms of this agreement must be in writing and signed by the appropriate representatives of the parties to this agreement.

26. STATEMENT OF ECONOMIC INTEREST

Consultants, as defined by Section 18701 of the Regulations of the Fair Political Practices Commission, Title 2, Division 6 of the California Code of Regulations, are required to file a Statement of Economic Interests with 30 days of approval of a contract services agreement with the City of its subdivisions, on an annual basis thereafter during the term of the contract, and within 30 days of completion of the contract.

Based upon review of the Consultant’s Scope of Work and determination by the City Manager, it is determined that Consultant IS NOT required to file a Statement of Economic Interest. A statement of Economic Interest shall be filed with the City Clerk’s office no later than 30 days after the execution of the agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year first above written.

FOR FIRST PARTY:

Alex Handler
Signature
Printed name
94-1664409
Tax ID#

Date
1/7/2019
Principal/Vice-President
Title

APPROVED AS TO FORM:

William L. McClure, City Attorney

Date
1/29/19

FOR CITY OF MENLO PARK:

Justin Murphy
Signature
Printed name
Justin L. C. Murphy, Public Works Director

Date
1/30/19

ATTEST:

Judi A. Herrin, City Clerk

Date
1/31/19

CC Rev 20180906
EXHIBIT “A” – SCOPE OF SERVICES

A1. SCOPE OF WORK

FIRST PARTY agrees to provide consultant services for CITY’s Public Works. In the event of any discrepancy between any of the terms of the FIRST PARTY’s proposal and those of this agreement, the version most favorable to the CITY shall prevail. FIRST PARTY shall provide the following services:

Provide consultant services set forth in Exhibit A-1, attached hereto.

FIRST PARTY agrees to perform these services as directed by the CITY in accordance with the standards of its profession and CITY’s satisfaction.

A2. COMPENSATION

CITY shall pay FIRST PARTY an all-inclusive fee that shall not exceed $11,000 as described in Exhibit “A,” Scope of Services. This compensation shall be based on the rates described in Exhibit “A.” All payments, including fixed hourly rates, shall be inclusive of all indirect and direct charges to the Project incurred by FIRST PARTY. The CITY reserves the right to withhold payment if the City determines that the quantity or quality of the work performed is unacceptable.

FIRST PARTY’s fee for the services as set forth herein shall be considered as full compensation for all indirect and direct personnel, materials, supplies and equipment, and services incurred by FIRST PARTY and used in carrying out or completing the work.

Payments shall be monthly for the invoice amount or such other amount as approved by CITY. As each payment is due, the FIRST PARTY shall submit a statement describing the services performed to CITY. This statement shall include, at a minimum, the project title, agreement number, the title(s) of personnel performing work, hours spent, payment rate, and a listing of all reimbursable costs. CITY shall have the discretion to approve the invoice and the work completed statement. Payment shall be for the invoice amount or such other amount as approved by CITY.

Payments are due upon receipt of written invoices. CITY shall have the right to receive, upon request, documentation substantiating charges billed to CITY. CITY shall have the right to perform an audit of the FIRST PARTY’s relevant records pertaining to the charges.

A3. SCHEDULE OF WORK

FIRST PARTY’S proposed schedule for the various services required will be set forth in Exhibit A-1.

A4. CHANGES IN WORK -- EXTRA WORK

In addition to services described in Section A1, the parties may from time to time agree in writing that FIRST PARTY, for additional compensation, shall perform additional services including but not limited to:

- Change in the services because of changes in scope of the work.
- Additional tasks not specified herein as required by the CITY.

The CITY and FIRST PARTY shall agree in writing to any changes in compensation and/or changes in FIRST PARTY’s services before the commencement of any work. If FIRST PARTY deems work he/she has been directed to perform is beyond the scope of this agreement and constitutes extra work, FIRST PARTY shall immediately inform the CITY in writing of the fact. The CITY shall make a determination as to whether such work is in fact beyond the scope of this agreement and constitutes extra work. In the event that the CITY determines that such work does constitute extra work, it shall provide compensation...
to the FIRST PARTY in accordance with an agreed cost that is fair and equitable. This cost will be mutually agreed upon by the CITY and FIRST PARTY. A supplemental agreement providing for such compensation for extra work shall be negotiated between the CITY and the FIRST PARTY. Such supplemental agreement shall be executed by the FIRST PARTY and may be approved by the City Manager upon recommendation of the Department Head.

### A5. BILLINGS

FIRST PARTY’s bills shall include the following information: A brief description of services performed, project title and the agreement number; the date the services were performed; the number of hours spent and by whom; the current contract amount; the current invoice amount; Except as specifically authorized by CITY, FIRST PARTY shall not bill CITY for duplicate services performed by more than one person. In no event shall FIRST PARTY submit any billing for an amount in excess of the maximum amount of compensation provided in Section A2.

The expenses of any office, including furniture and equipment rental, supplies, salaries of employees, telephone calls, postage, advertising, and all other expenses incurred by FIRST PARTY in the performances of this agreement shall be incurred at the FIRST PARTY’s discretion. Such expenses shall be FIRST PARTY’s sole financial responsibility.
City of Menlo Park

Proposal for a Water Financial Plan Update

BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS
December 19, 2018

City of Menlo Park
City Hall - 1st Floor
701 Laurel Street
Menlo Park, CA 94025

Attn: Pam Lowe, Senior Civil Engineer

Bartle Wells Associates is pleased to submit this proposal to develop an updated water enterprise financial plan to help evaluate the financial and rate impacts of funding capital improvement needs identified in the City’s 2018 Water System Master Plan. BWA specializes in providing utility rate consulting and independent financial advisory services to California water and wastewater agencies. We have extensive experience developing financial plans and utility rate and fee studies designed to recover the costs of providing service while being fair to all customers. And we have a strong track record building consensus for recommendations and helping agencies adopt rate increases in challenging political environments.

Bartle Wells Associates has been a leader in California utility finance since 1964. We have served over 500 public agencies throughout California and the western United States, including numerous regional agencies such as: Menlo Park, Redwood City, San Carlos, San Mateo, Foster City, Millbrae, Burlingame, San Bruno, Sunnyvale, Mountain View, Woodside, East Palo Alto, East Palo Alto Sanitary District, Pacifica, Mid-Peninsula Water District (serving Belmont), Silicon Valley Clean Water, Purissima Hills Water District, West Valley Sanitation District, San Jose, Montara Water and Sanitary District, the San Francisco Public Utility Commission and others.

BWA assisted the City of Menlo Park with a comprehensive Water Rate Study in 2015, which resulted in adoption of five years of gradual water rate increases designed to fund projected operating, maintenance and capital funding needs. The City is currently in the fourth year of rate increases and has one more rate increase scheduled to go into effect on July 1, 2019. The 2015 rate study included approximately $1.4 million per year of average annual funding for capital improvements.

In contrast, the recently-updated 2018 Master Plan identifies approximately $90 million of water system infrastructure improvements including roughly $70 million of combined Very High Priority and High Priority funding needs. These infrastructure funding needs will likely require the City to implement additional water rate increases in upcoming years.
A key task of this proposal would include development of updated 10-year cash flow projections to help the City evaluate the level and timing of future water rate increases. The projections will provide a financial roadmap for funding future operating and capital needs while supporting long-term financial stability. Throughout the project, we would work closely with the City’s project team to evaluate alternatives, gain ongoing input, and build consensus for recommendations.

BWA proposes to assign Alex Handlers, a principal and vice-president of BWA, as project manager and lead consultant of this assignment. Alex has consulted for over 150 California water and wastewater agencies, including many regional agencies, and is highly experienced a) helping agencies evaluate financing alternatives for capital programs and b) developing financial and rate projections. He is a Certified Independent Professional Municipal Advisor and a current Board Member of the National Association of Municipal Advisors.

We have enjoyed working with the City on our prior assignments and appreciate the opportunity to assist the City with development of an updated water enterprise financial plan incorporating the capital funding needs identified in the 2018 Water System Master Plan. We are available to start working immediately at the City’s direction. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

BARTLE WELLS ASSOCIATES

Alex Handlers, MPA, CIPMA
Principal/Vice-President
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**BARTLE WELLS ASSOCIATES**  
Menlo Park Proposal for a Water Financial Plan Update
SECTION 1: PROPOSAL SUMMARY

BWA Firm Overview

Bartle Wells Associates (BWA) specializes in providing independent financial advisory and utility rate consulting services to California water and wastewater agencies. Our firm was established in 1964 as California’s first independent financial advisor to public agencies. BWA specializes in three professional services: utility rate and fee studies, financial plans, and project financing. We are the only independent financial advisor providing all three of these interrelated services to public agencies.

BWA has successfully served over 500 public agencies throughout California and has completed over 2,000 utility rate and fee studies. We have extensive regional experience and are familiar with the issues facing regional water and sewer agencies.

BWA is a charter member of the National Association of Municipal Advisors. Our lead consultants are Certified Independent Professional Municipal Advisors with expertise in capital improvement funding and debt financing. Our strength is quality—the quality of advice, service, and work we do for all our clients.

BWA Project Manager

BWA proposes to assign Alex Handers, a principal and vice-president of the firm, as project manager and lead consultant for this engagement. Alex has consulted for over 150 California water and wastewater agencies, has extensive regional experience, and is highly experienced developing financial plans and utility rate studies. Alex also specializes in developing financial models and evaluating financing alternatives for capital programs. He is a Certified Independent Professional Municipal Advisor and Board Member of the National Association of Municipal Advisors.

Collaborative Project Approach

BWA uses a collaborative project approach to ensure final recommendations reflect the policy preferences and objectives of the agencies we serve. Our general approach will be to work closely with the City’s project team to identify objectives, evaluate alternatives and their impacts, gain ongoing input, and remain flexible to resolve unanticipated issues. Rate and fee increases can be controversial. BWA has extensive experience helping agencies build consensus for final recommendations and has assisted many agencies with public outreach efforts aimed at fostering understanding and acceptance for rate and fee increases.
Project Understanding & Objectives

The City’s 2018 Master Plan identifies approximately $90 million of water system infrastructure improvements including roughly $70 million of combined Very High Priority and High Priority funding needs. These infrastructure funding needs will likely require the City to implement additional water rate increases in upcoming years.

BWA assisted the City of Menlo Park with a comprehensive Water Rate Study in 2015, which resulted in adoption of five years of gradual water rate increases designed to fund projected operating, maintenance and capital funding needs. The City is currently in the fourth year of rate increases and has one more rate increase scheduled to go into effect on July 1, 2019. The 2015 rate study included approximately $1.4 million per year of average annual funding for capital improvements, which is substantially below the funding levels identified in the 2018 Master Plan.

To help evaluate the financial and rate impacts of funding the capital improvement needs identified in the City’s 2018 Water System Master Plan, BWA will develop an updated water enterprise financial plan. A key task of this assignment includes development of updated 10-year cash flow projections to help the City evaluate the level and timing of future water rate increases. The projections will provide a financial roadmap for funding future operating and capital needs while supporting long-term financial stability. The financial plan will include evaluation of financing alternatives for the capital program.

After developing base-case projections, BWA can work with the City’s project team to evaluate alternative scenarios such as different levels of capital funding and/or timing, alternative approaches to capital improvement financing, and rate increase alternatives. Throughout the project, we will work closely with the City’s project team to evaluate alternatives, gain ongoing input, and build consensus for recommendations.

Regional Experience

BWA has extensive experience developing long-term financial plans and utility rate and fee studies for California water and sewer agencies. In recent years, we have completed assignments for many regional agencies including:

- City of Redwood City
- City of San Carlos
- Mid-Peninsula Water District (Belmont)
- West Valley Sanitation District
- City of San Mateo
- City of San Bruno
- Montara Water & Sanitary District
- City of Foster City
- San Francisco Public Utility Commission
- East Palo Alto Sanitary District
- City of South San Francisco
- City of Millbrae
- City of Menlo Park
- City of Sunnyvale
- City of Mountain View
- Silicon Valley Clean Water
- City of East Palo Alto
- City of Burlingame
- East Bay Municipal Utility District
- City of Milpitas
- Town of Woodside
- City of Petaluma
- Purissima Hills Water District
- Alameda County Water District
This section presents a draft work plan and scope of services that we believe forms a sound basis for developing an updated financial plan for the City's water enterprise. Bartle Wells Associates can work with the City to finalize a scope of services that meets the City's objectives.

1. Project Team Orientation
To initiate our work, hold a meeting with City staff and others as appropriate, to accomplish the following:
- Identify members of City staff, City Council, advisors, engineering consultants, and others who will participate in the project.
- Determine the roles and responsibilities of all project participants.
- Identify other parties that may have a significant interest in the project, such as community groups, business organizations, developers, and large customers.
- Establish project schedule and key milestone dates.
- Confirm the key goals and expectations of the project team.

BWA recommends holding the kickoff meeting after we have reviewed preliminary information. This will enable the kickoff meeting to be more substantive and facilitate more in-depth discussion of key issues and preliminary observations and potential alternatives.

2. Investigation and Data Collection
Assemble the information necessary to update water enterprise financial projections with the objectives of developing a complete understanding of the City's water enterprise finances, identifying basic assumptions to be used in developing financial projections, and identifying key alternatives for evaluation.

3. Develop Forecasts and Projections
Based on evaluation of the data assembled and input provided by the City, prepare forecasts and projections to be used in the development of financial projections. Review projections and alternatives with City staff for agreements on assumptions, interpretation of data, and completeness of approach.

- **Capital Improvements Including Long-Term Repairs & Replacements**: Based on input from City staff, identify future capital improvement program costs or alternatives to include in the financial analysis and determine a reasonable amount to include for future, ongoing capital repairs and replacements. BWA often recommends that agencies phase in funding for long-term system rehabilitation.

- **Projected Water Sales and Wholesale Purchases**: With City input, forecast the volume of water sales and wholesale purchases to use in financial projections. Identify alternative scenarios for evaluation.

- **SFPUC Water Rate Projections**: Incorporate latest SFPUC wholesale water rate projections.

- **Growth & New Development**: Work with the City to identify levels of growth to incorporate in the financial projections.

- **Cost Escalation Factors**: Review historical cost trends and work with project team to develop reasonable cost escalation factors for operating and capital expenditures. Work with City staff to identify any anticipated changes in future staffing, benefits, and/or other operating costs.
4. **Evaluate Financing Alternatives for Capital Improvements**
   Evaluate options for financing capital improvement projects. Our evaluation will:
   - Estimate the amount and timing of any debt, if needed, to finance capital projects.
   - Evaluate the alternative borrowing methods available including bonds, COPs, state and federal financing programs (including the State Revolving Fund Financing Program), bank loans and lines of credit, and other options.
   - Recommend the appropriate type of debt, its term and structure.
   - Identify alternative debt financing strategies, such as phasing in debt service and issuing different levels of debt over time.
   - Develop debt service estimates to incorporate in the financial projections.
   - Collaborate with the City's financial advisor on debt financing strategies and financing assumptions.

5. **Develop 10-Year Financial Projections & Evaluate Scenarios**
   Develop 10-year water enterprise financial projections. The cash flows will project fund balances, revenues, expenses, and debt service coverage, and will incorporate the forecasts developed with project team input. After developing a base-case cash flow scenario, we can model alternatives for additional evaluation such as capital improvement alternatives, project financing alternatives, the impacts of various levels of water demand, etc. During this phase, BWA will work closely with the project team to evaluate financial and rate projections under alternative scenarios.

6. **Evaluate Rate Increase Options**
   Based on the cash flow projections, determine future annual revenue requirements from rates and project the overall level of rate increases needed to meet future funding needs while maintaining prudent levels of fund reserves. Evaluate rate increase alternatives, such as gradually phasing in rate increases over a range of years. If appropriate, evaluate the impacts of limiting rate increases to specified levels including impacts on the City's ability to fund future capital needs.

7. **Prepare Technical Memorandum Summarizing Findings & Recommendations**
   Develop a draft technical memorandum summarizing findings, assumption, key alternatives, and preliminary recommendations. Incorporate input from the City's project team into a final version.

8. **Meetings/Presentations**
   Meet with the City's project team to review draft projections, discuss findings and recommendations, identify alternatives, and obtain input. Remain available to present findings and recommendations to City Council and/or an appropriate subcommittee. The proposal assumes up to three meetings/presentations at the City. Additional meetings or presentations can be billed on a time and materials basis if not achievable within the project budget.

9. **Public Education and Consensus-Building**
   Rate and fee adjustments can be controversial. BWA has helped many agencies with their public education and outreach efforts regarding rate and fee increases. We understand the importance of building consensus and public acceptance for our recommendations and can assist the City with outreach and public education efforts.
BARTLE WELLS ASSOCIATES

The Gold Standard in California Utility Finance

Bartle Wells Associates (BWA) is an independent financial advisory firm with expertise in the areas of water and wastewater rates and finance. BWA was established in 1964 and has over 50 years of experience advising public agencies on the complexities and challenges in public finance. We have advised over 500 public agency clients throughout California and the western United States. We have a diversity of abilities and experience to evaluate all types of financial issues faced by local governments and to recommend the best and most-practical solutions.

Bartle Wells Associates has a highly-qualified professional team. Our education and backgrounds include finance, civil engineering, business, public administration, public policy, and economics.

BWA specializes in three professional services: utility rate and fee studies, financial plans, and infrastructure financing. We are the only independent financial advisor providing all three of these interrelated services to public agencies.

RATE AND FEE STUDIES Our rate studies employ a cost-of-service approach and are designed to maintain the long-term financial health of a utility enterprise while being fair to all customers. We develop practical recommendations that are easy to implement and often phase in rate adjustments over time to minimize the impact on ratepayers. We also have extensive experience developing impact fees that equitably recover the costs of infrastructure required to serve new development. BWA has completed hundreds of water and wastewater rate and fee studies. We have helped communities implement a wide range of water and sewer rate structures and are knowledgeable about the legal requirements governing rates and impact fees including Proposition 218, Proposition 26, and Government Code 66000. We develop clear, effective presentations and have represented public agencies at hundreds of public hearings to build consensus for our recommendations.

FINANCIAL PLANS Our financial plans provide agencies with a flexible roadmap for funding long-term operating and capital needs. We evaluate the wide range of financing options available, develop a plan that recommends the best financing approach, and clearly identify the sources of revenue for funding projects and repaying any debt. We also help agencies develop prudent financial policies, such as fund reserve targets, to support sound financial management. BWA has developed over 2,000 water and wastewater enterprise financial plans to help public agencies fund their operating and capital programs, meet debt service requirements, and maintain long-term financial health.
PROJECT FINANCING  BWA has served as independent financial advisor on over 300 bond sales and numerous bank loans/private placements, lines of credit, and a range of state and federal grant and loan programs. We generally recommend issuing debt via a competitive sale process to achieve the lowest cost financing possible. To date, we have helped California agencies obtain over $5 billion of financing via bonds, bank loans/private placements, lines of credit, low-rate State Revolving Fund Loans, and other funding programs. We work only for public agencies; we are independent financial advisors and do not buy, trade, or resell bonds. Our work is concentrated on providing independent advice that enables our clients to finance their projects on the most favorable terms—lowest interest rates, smallest issue size, and greatest flexibility.

Bartle Wells Associates is a charter member of the National Association of Municipal Advisors (NAMA), which establishes strict criteria for independent advisory firms. All of our lead consultants are Certified Independent Professional Municipal Advisors and are MSRB-Registered Municipal Advisors.

Bartle Wells Associates is committed to providing value and the best advice to our clients. Our strength is quality—the quality of advice, service, and work we do for all our clients.

Project Staffing

BWA proposes to assign Alex Handers, a principal and vice-president of the firm, as project manager and principal-in-charge for this engagement. Alex has extensive experience developing utility rate studies and strategic financial plans supporting long-term capital programs. He is also an expert in water and sewer infrastructure financing and is an MSRB-Registered Municipal Advisor, a Certified Independent Professional Municipal Advisor, and a Board Member of the National Association of Municipal Advisors.

Alex has consulted for more than 150 California agencies including numerous regional agencies such as Redwood City, San Mateo, San Carlos, Sunnyvale, Millbrae, Mountain View, San Bruno, Santa Clara, Burlingame, South San Francisco, San Francisco Public Utility Commission, Purissima Hills Water District, Mid-Peninsula Water District (Belmont), Silicon Valley Clean Water, Montara Water and Sanitary District, the County of San Mateo, and others. Other BWA consultants are available to assist as needed.
ALEX T. HANDLERS, MPA, CIPMA

Experience
Alex Handlers is a principal and vice president of Bartle Wells Associates with expertise in the areas of utility rates and finance. He has extensive experience developing long-term financial plans, utility rates, and development impact fees for utility enterprises. Alex has helped agencies implement a wide variety of water and sewer rate structures and is knowledgeable about the legal requirements governing rates and fees. He has managed projects for over 150 cities, counties, and special districts.

Alex is also an independent financial advisor who helps public agencies secure low-cost financing for capital projects. He has expertise evaluating financing alternatives for capital improvement programs and has helped public agencies obtain over $2 billion in financing via bonds, COPs, bank loans/private placements, lines of credit, and various state and federal funding programs. He is an MSRB-Registered Municipal Advisor, a Certified Independent Professional Municipal Advisor, and a current Board Member of the National Association of Municipal Advisors.

Education
M.P.A. - University of Washington
B.A. - Lehigh University

Certifications
Board Member – National Association of Municipal Advisors
CIPMA – Certified Independent Professional Municipal Advisor
MSRB-Registered Municipal Advisor (Series 50)

Representative Projects

- **City of Redwood City**: Developed water and sewer financial plans and utility rate studies designed to support long-term operating and capital needs while providing a defensible cost-justification for the City’s water and sewer rates. BWA has assisted Redwood City on a number of financial consulting assignments since the early 2000s including developing financial plans and utility rates supporting a) construction of a $72 million recycled water project, b) funding the City’s roughly $400 million share of improvements to the regional wastewater treatment plant, c) funding major increases in wholesale water rates, and d) increasing funding for ongoing investment in the City’s aging water and sewer infrastructure.

- **City of San Carlos**: Developed a sewer enterprise financial plan and rate study designed to support sewer collection system capacity improvements, long-term pipeline replacements, and over $120 million for the City’s share of costs for rebuilding the regional wastewater treatment plant. Evaluated residential rate alternatives and recommended modifications to the City’s sewer rate structure designed to improve rate equity and align rates with the cost of service. Updated the City’s sewer capacity charges levied on new development and developed solid waste rate recommendations to support future funding requirements and restore rate equity.

- **Mid-Peninsula Water District (Belmont)**: Developed 10-year financial plan and water rate study with a gradual phase in of rate increases and modifications to rate structure to improve equity and conservation incentive. Developed water system capacity charges levied on new development and a new water demand offset fee to recover costs for generating water supply to serve growth.

- **City of Mountain View**: Developed 10-year water and wastewater financial plans and rate studies. Evaluated water and sewer rate structures and recommended modifications to improve rate equity and compliance with Prop. 218. Updated the City’s water and wastewater connection fees.
Alex T. Handlers, continued

- **City of San Mateo**: Developed a sewer enterprise financial plan and rate recommendations supporting funding for a roughly $900 million wastewater capital improvement program needed to improve wet weather capacity and rebuild the City’s aging wastewater treatment plant. Transitioned residential sewer rates from 100% volumetric rates (subject to a minimum charge) to a hybrid 50% fixed & 50% volumetric rate structure.

- **City of Sunnyvale**: Developed sewer enterprise financial projections and rate recommendations. Updated the City’s water and sewer capacity charges levied on new development.

- **Silicon Valley Clean Water**: Developed 10-year financial plan supporting over $750 million of capital improvements to a regional JPA that provides sewer treatment to Belmont, Redwood City, San Carlos, and the West Bay Sanitary District. Served as financial advisor on issuance of $200 million of financing via bonds, State Revolving Fund (SRF) loans, and a line of credit.

- **Monterey One Water** (formerly Monterey Regional Water Pollution Control Agency): Developed a long-term financial plan, sewer rate study, capacity charge study, and update of a range of miscellaneous fees and charges. Served as financial advisor on issuance of a line of credit with ability to increase funding levels to support interim financing for a State Revolving Fund Loan.

- **City of Petaluma**: Developed water and sewer financial plans and rate studies designed to support each utility’s long-term capital improvement program. Recommendation included a gradual phase-in of rate increases along with automatic inflationary rate adjustments designed to keep rates aligned with the cost of providing service. Assisted City with issuance of wastewater revenue refunding bonds to generate savings.

- **City of San Bruno**: Developed 10-year water and wastewater financial plans and rate studies. Recommended a series of gradual annual rate increases to fund operating and capital needs and increase funding for repair and replacement of the City’s aging water and sewer infrastructure. Evaluated water and sewer rate structures and recommended modifications to improve rate equity and increase conservation incentive.

- **Alameda County Water District**: Comprehensive development fee study; recommended a series of modifications to existing charges to improve revenue recovery, equity and fee administration.

- **Union Sanitary District**: Conducted a comprehensive analysis and update of the District’s capacity fees levied on new development. Developed a long-term financial plan supporting over $100 million of wastewater system capital improvements.

- **City of Fresno**: Developed wastewater enterprise financial plan and Excel-based financial model used by City staff to update financial and rate projections. Developed new water connection fees designed to recover costs of existing facilities and future supplemental water supply projects benefiting new development.

- **City of Millbrae**: Developed a water rate study and revised the City’s Clean Bay Charged levied to fund a capital improvement program designed to eliminate sanitary sewer system overflows during major storms.

- **City of Morro Bay**: Developed water and sewer rate studies. Developed a financial plan and rate recommendations supporting the construction of a new $125 wastewater treatment plant with water recycling and indirect potable reuse facilities.

- **San Francisco Public Utilities Commission**: Developed financial projections supporting over $2 billion of bonds issued to help fund a $4.3 billion upgrade to the Hetch-Hetchy regional water system and improvements to the City’s wastewater system.
1. Bartle Wells Associates is prepared to begin work upon the City of Menlo Park's authorization to proceed.

2. During the project development period, Bartle Wells Associates will be available at all reasonable times and on reasonable notice for meetings and for consultation with staff, attorneys, consulting engineers, and others as necessary.

3. Bartle Wells Associates will perform all work related to the assignment. Alex Handlers, a principal and vice president of BWA will be assigned as project manager on this assignment. He will serve as the lead contact person for BWA and will be involved with the project a day-to-day basis.

4. The fees for services outlined in this proposal will not exceed $10,000 and will be billed on a time and materials basis. The fee is based on the following assumptions:
   a. All necessary information will be provided by the City in a timely manner.
   b. Development of a draft, final draft, and final versions of tables, presentations, and reports. Time and expenses involved in revising tables and assumptions may constitute additional services if not achievable within the budget.
   c. Up to 3 trips to the City including project team meetings, workshops and/or presentations. Additional meetings may constitute additional services if not achievable within the budget.

5. Progress payments and direct expenses are payable monthly on a time and materials basis as the work proceeds as provided in our Billing Rate Schedule 2018, which will remain in effect through the duration of this assignment.

6. Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance as provided in the Certificate of Insurance attached.

7. If the project is terminated for any reason, Bartle Wells Associates is to be reimbursed for professional services and direct expenses incurred up to the time notification is received of such termination.

8. This proposal may be withdrawn or amended if not accepted within 90 days of its date.

9. Bartle Wells Associates does not require a formal contract of employment and will consider a letter or email from an appropriate City representative as sufficient authority to proceed.
BARTLE WELLS ASSOCIATES
BILLING RATE SCHEDULE 2018
Rates Effective 1/1/2018

<table>
<thead>
<tr>
<th>Professional Services</th>
<th>Rate</th>
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</thead>
<tbody>
<tr>
<td>Financial Analyst I</td>
<td>$105 per hour</td>
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<tr>
<td>Financial Analyst II</td>
<td>$130 per hour</td>
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<tr>
<td>Consultant</td>
<td>$155 per hour</td>
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<tr>
<td>Senior Consultant</td>
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<tr>
<td>Project Manager</td>
<td>$215 per hour</td>
</tr>
<tr>
<td>Principal Consultant</td>
<td>$255 per hour</td>
</tr>
</tbody>
</table>

The hourly rates for professional services include all overhead and indirect expenses. Bartle Wells Associates does not charge for administrative support services. Expert witness, legal testimony, or other special limited assignments will be billed at one and one-half times the consultant's hourly rate.

The rates listed above will be in effect for the duration of this project.

Direct Expenses
Subconsultants will be billed at cost plus ten percent. Word processing and computer-assisted services related to official statement production are charged as direct expenses at $75 per hour. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- Travel, meals, lodging
- Printing and photocopying
- Special statistical analysis
- Outside computer services
- Bond ratings
- Automobile mileage
- Messenger services and mailing costs
- Graphic design and photography
- Special legal services
- Legal advertisements

Insurance
Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Additional or special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

Payment
Fees are typically billed monthly for the preceding month and will be payable within 30 days of the date of the invoice. A late charge of 1.0 percent per month may be applied to balances unpaid after 60 days.
**Schedule of Insurance**

**SCHEDULE OF INSURANCE**

**Insured:** BARTLE WELLS ASSOCIATES

Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.

<table>
<thead>
<tr>
<th>TYPE OF INSURANCE</th>
<th>COMPANY POLICY NUMBER</th>
<th>COVERAGES AND LIMITS</th>
<th>EXP. DATE</th>
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<tbody>
<tr>
<td>Commercial General Liability</td>
<td>Hartford Insurance Company</td>
<td>• $2,000,000 General Aggregate</td>
<td>6/1/19</td>
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<td></td>
<td>Policy #35-SBA PA6857</td>
<td>• $2,000,000 Products Comp/Op Aggregate</td>
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<tr>
<td></td>
<td></td>
<td>• $2,000,000 Personal &amp; Advertising Injury</td>
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<tr>
<td></td>
<td></td>
<td>• $1,000,000 Each Occurrence</td>
<td></td>
</tr>
<tr>
<td>Excess/Umbrella Liability</td>
<td>Hartford Insurance Company</td>
<td>• $1,000,000 Aggregate</td>
<td>6/1/19</td>
</tr>
<tr>
<td></td>
<td>Policy #35-SBA PA6857</td>
<td>• $1,000,000 Each Occurrence</td>
<td></td>
</tr>
<tr>
<td>Automobile Liability</td>
<td>Hartford Insurance Company</td>
<td>• $1,000,000 Combined Single Limit</td>
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<td>Policy #35-WEC FG7858</td>
<td>• Bodily Injury by Accident - $1,000,000 each accident</td>
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<tr>
<td></td>
<td></td>
<td>• Bodily Injury by Disease - $1,000,000 each employee</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Bodily Injury by Disease - $1,000,000 policy limit</td>
<td></td>
</tr>
<tr>
<td>Professional Liability</td>
<td>Chubb &amp; Son. Inc. BINDO94045</td>
<td>Solely in the performance of services as municipal financing consultants for others for a fee. Limit: $2,000,000 Per Occurrence &amp; Aggregate (including defense costs, charges, and expenses)</td>
<td>6/1/19</td>
</tr>
</tbody>
</table>
Municipal Advisor Disclosures

This section provides certain disclosures required by the Municipal Securities Rulemaking Board (MSRB) regarding our duties as a Municipal Advisor to the extent any such duties apply to this assignment.

- Bartle Wells Associates will provide advice and conduct activities with a "duty of care" and a "fiduciary duty". Our role and responsibilities during this engagement will continue through the completion of the project.

- Bartle Wells Associates is a registered Municipal Advisor with the Securities and Exchange Commission (SEC Registration No. 867-00740) and the Municipal Securities Rulemaking Board (MSRB ID K0414).

- Bartle Wells Associates has never been cited for any legal or disciplinary action regarding municipal advisory activities.

- Bartle Wells Associates has not and will not receive any compensation from any third party seeking to provide services, municipal securities transactions, or municipal financial products related to this transaction. BWA or any of its employees will not engage in any activities that would produce a direct or indirect financial gain for the firm other than compensation for our services identified in this proposal.

- Bartle Wells Associates is not aware of any conflicts of interest that would affect our ability to provide independent and objective advice and Municipal Advisory services in a manner consistent with the requirements of MSRB Rule G-42.

- The website address for the Municipal Securities Rulemaking Board (MSRB) is www.MSRB.org. The MSRB’s website provides a municipal advisory client brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority. The municipal advisory client brochure is accessible via a link on www.MSRB.org or can be downloaded from http://www.msrb.org/~/media/Files/Resources/MSRB-MA-Clients-Brochure.
EXHIBIT “B” - DISPUTE RESOLUTION

B1.0 All claims, disputes and other matters in question between the FIRST PARTY and CITY arising out of, or relating to, the contract documents or the breach thereof, shall be resolved as follows:

B2.0 Mediation
B2.1 The parties shall attempt in good faith first to mediate such dispute and use their best efforts to reach agreement on the matters in dispute. After a written demand for non-binding mediation, which shall specify in detail the facts of the dispute, and within ten (10) days from the date of delivery of the demand, the matter shall be submitted to a mutually agreeable mediator. The Mediator shall hear the matter and provide an informal opinion and advice, none of which shall be binding upon the parties, but is expected by the parties to help resolve the dispute. Said informal opinion and advice shall be submitted to the parties within twenty (20) days following written demand for mediation. The Mediator’s fee shall be shared equally by the parties. If the dispute has not been resolved, the matter shall be submitted to arbitration in accordance with Paragraph B3.1.

B3.0 Arbitration
B3.1 Any dispute between the parties that is to be resolved by arbitration as provided in Paragraph B2.1 shall be settled and decided by arbitration conducted by the American Arbitration Association in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, as then in effect, except as provided below. Any such arbitration shall be held before three arbitrators who shall be selected by mutual agreement of the parties; if agreement is not reached on the selection of the arbitrators within fifteen (15) days, then such arbitrator(s) shall be appointed by the presiding Judge of the court of jurisdiction of the agreement.

B3.2 The provisions of the Construction Industry Arbitration Rules of the American Arbitration Association shall apply and govern such arbitration, subject, however to the following:
B3.3 Any demand for arbitration shall be writing and must be made within a reasonable time after the claim, dispute or other matter in question as arisen. In no event shall the demand for arbitration be made after the date that institution of legal or equitable proceedings based on such claim, dispute or other matter would be barred by the applicable statute of limitations.
B3.4 The arbitrator or arbitrators appointed must be former or retired judges, or attorneys at law with last ten (10) years’ experience in construction litigation.
B3.5 All proceedings involving the parties shall be reported by a certified shorthand court reporter, and written transcripts of the proceedings shall be prepared and made available to the parties.
B3.6 The arbitrator or arbitrators must be made within and provide to the parties factual findings and the reasons on which the decisions of the arbitrator or arbitrators is based.
B3.7 Final decision by the arbitrator or arbitrators must be made within ninety (90) days from the date of the arbitration proceedings are initiated.
B3.8 The prevailing party shall be awarded reasonable attorneys’ fees, expert and non-expert witness costs and expenses, and other costs and expenses incurred in connection with the arbitration, unless the arbitrator or arbitrators for good cause determine otherwise.
B3.9 Costs and fees of the arbitrator or arbitrators shall be borne by the non-prevailing party, unless the arbitrator or arbitrators for good cause determine otherwise.
B3.10 The award or decision of the arbitrator or arbitrators, which may include equitable relief, shall be final, and judgment may be entered on it in accordance with applicable law in any court having jurisdiction over the matter.