

AGREEMENT FOR CONSULTANT SERVICES
BETWEEN
THE CITY OF COALINGA
AND
CAMP DRESSER & MCKEE, INC. (CDM)

This AGREEMENT FOR CONSULTANT SERVICES ("Agreement") is made and entered into this 17th day of July, 2008, by and between the City of Coalinga, a municipal corporation ("City") and Camp Dresser & McKee, Inc. ("Consultant").

In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

SECTION 1. SCOPE OF SERVICES.

Consultant agrees to perform the services set forth in Exhibit "A", "Scope of Services", attached hereto and made a part of this Agreement.

SECTION 2. ADDITIONAL SERVICES.

Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to or outside of those set forth in this Agreement or listed in Exhibit "A", unless such additional services are authorized in advance and in writing by the City Council or City Manager of City. Consultant shall be compensated for any such additional services in the amounts and in the manner agreed to by the City Council or City Manager.

SECTION 3. COMPENSATION AND METHOD OF PAYMENT.

(a) Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified herein. The total compensation, including reimbursement for actual expenses, shall not exceed Twenty Five Thousand Dollars (\$ 25,000.00), payable in the manner described in Exhibit "A".

(b) Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City, City will use its best efforts to cause Consultant to be paid within thirty (30) days of receipt of Consultant's invoice.

(c) The total sum stated in sub-paragraph (a) above shall be the total the City shall pay for the services to be rendered by Consultant pursuant to this Agreement. City shall not pay any additional sum for the work to be performed pursuant to this Agreement, or for extra, further or additional services related to this Agreement, unless such service and the price therefore is agreed to in writing executed by the City Manager or other designated official of the City authorized to obligate City thereto prior to the time such service is rendered.

(e) Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

SECTION 4. INSPECTION AND FINAL ACCEPTANCE.

City may inspect and accept or reject any of Consultant's work under this Agreement, either during performance or when completed. City shall reject or finally accept Consultant's work within sixty (60) days after submittal to City. City shall reject work by a timely written explanation; otherwise Consultant's work shall be deemed to have been accepted. City's acceptance shall be conclusive as to such work except with respect to latent defects, fraud and such gross mistakes as amount to fraud. Acceptance of any of the Consultant's work by City shall not constitute a waiver of any of the provisions of this Agreement, including but not limited to, Sections 14 and 15, pertaining to indemnification and insurance, respectively.

SECTION 5. OWNERSHIP OF DOCUMENTS.

All original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents prepared, developed or discovered by Consultant in the course of providing any services pursuant to this Agreement shall become the sole property of City and may be used, reused or otherwise disposed of by City without the permission of the Consultant. Upon completion, expiration or termination of this Agreement, Consultant shall turn over to City all such original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents.

SECTION 6. CONSULTANT'S BOOKS AND RECORDS.

(a) Consultant shall maintain any and all documents and records demonstrating or relating to Consultants's performance of services pursuant to this Agreement. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, or other documents or records evidencing or relating to work, services, expenditures and disbursements charged to City pursuant to this Agreement. Any and all such documents or records shall be maintained in accordance with generally accepted accounting principles and shall be sufficiently complete and detailed so as to permit an accurate evaluation of the services provided by Consultant pursuant to this Agreement. Any and all such documents or records shall be maintained for three years from the date of execution of this Agreement and to the extent required by laws relating to the audits of public agencies and their expenditures.

(b) Any and all records or documents required to be maintained pursuant to this section shall be made available for inspection, audit and copying, at any time during regular business hours, upon written request by City or its designated representative. Copies of such documents or records shall be provided directly to the City for inspection, audit and copying when it is practical to do so; otherwise, unless an alternative is mutually agreed upon, such documents and records shall be made available at Consultant's address indicated for receipt of notices in this Agreement.

(c) Where City has reason to believe that any of the documents or records required to be

maintained pursuant to this section may be lost or discarded due to dissolution or termination of Consultant's business, City may, by written request, require that custody of such documents or records be given to the requesting party and that such documents and records be maintained by the requesting party. Access to such documents and records shall be granted to City, as well as to its successors-in-interest and authorized representatives.

SECTION 7. STATUS OF CONSULTANT.

(a) Consultant is and shall at all times during the terms of this Agreement remain a wholly independent contractor and not an officer, employee or agent of City. Consultant shall have no authority to bind City in any manner or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is conferred under this Agreement or is otherwise expressly conferred in writing by City.

(b) The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control neither City, nor any elected or appointed boards, officers, officials, employees or agents of City, shall have control over the conduct of Consultant or any of Consultant's officers, employees or agents, except as set forth in this Agreement. Consultant shall not at any time or in any or in any manner represent that Consultant or any of Consultant's officers, employees or agents are in any manner officials, officers, employees or agents of City.

(c) Neither Consultant, nor any of Consultant's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Consultant expressly waives any claim Consultant may have to any such rights.

SECTION 8. STANDARD OF PERFORMANCE.

Consultant represents and warrants that it has the qualifications, experience and facilities necessary to properly perform the services required under this Agreement in a thorough, competent and professional manner. Consultant shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. In meeting its obligations under this Agreement, Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of Consultant under this Agreement.

SECTION 9. COMPLIANCE WITH APPLICABLE LAWS, PERMITS AND LICENSES.

Consultant shall keep himself informed of and comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this Agreement. Consultant shall obtain any and all licenses, permits and authorizations necessary to perform the services set forth in this Agreement. Neither City, nor any elected or appointed boards, officers, officials, employees or agents of City, shall be liable at law or in equity as a result of any failure of Consultant to comply with this section.

SECTION 10. NONDISCRIMINATION.

Consultant shall not discriminate, in any way, against any person on the basis of race, color, religious creed, national origin, ancestry, sex, age, disability, marital status or sexual orientation in connection with or related to the performance of this Agreement.

SECTION 11. UNAUTHORIZED ALIENS.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U. S. C. A, sections 1101, et seq., as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorney's fees, incurred by City.

SECTION 12. CONFLICTS OF INTEREST.

(a) Consultant covenants that neither he, nor any officer or principal of his firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of the City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having such interest shall be employed by it as an officer, employee, agent, or subcontractor without the express written consent of the City Manager. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

(b) City understands and acknowledges that Consultant is, as of the date of execution of this Agreement, independently involved in the performance of non-related services for other governmental agencies and private parties. Consultant is unaware of any stated position of City relative to such projects: Any future position of City on such projects shall not be considered a conflict of interest for purposes of this section.

SECTION 13. CONFIDENTIAL INFORMATION; RELEASE OF INFORMATION.

(a) All information gained or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the City Manager, except as may be required by law.

(b) Consultant, his officers, employees, agents or subcontractors, shall not, without prior written authorization from the City Manager or unless requested by the City Attorney of City, voluntarily provide declarations, letters of support, testimony at depositions, responses to interrogatories or other information concerning the work performed under this Agreement. A

response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

(c) If Consultant, or any officer, employee, agent or subcontractor of Consultant, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney's fees, caused by or incurred as a result of Consultant's conduct.

(d) Consultant shall promptly notify City should Consultant, its officer, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

SECTION 14. INDEMNIFICATION.

(a) City and its respective elected and appointed boards, officials, officers, agents, employees and volunteers (individually and collectively, "Indemnitees") shall have no liability to Consultant or any other person for, and Consultant shall indemnify, defend, protect and hold harmless Indemnitees from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorney's fees and disbursements (collectively "Claims") which Indemnitees may suffer or incur or to which Indemnitees may become subject by reason of or arising out of any injury to or death of any person(s), damage to property, loss of use of property, economic loss or otherwise occurring as a result of or allegedly caused by the Consultant's performance of or failure to perform any services under this Agreement or by the negligent or willful acts or omissions of Consultant, its agents, officers, directors, subcontractors or employees, committed in performing any of the services under this Agreement.

(b) If any action or proceeding is brought against Indemnitees by reason of any of the matters against which Consultant has agreed to indemnify Indemnitees as provided above, Consultant, upon notice from City, shall defend Indemnitees at Consultant's expense by counsel acceptable to City, such acceptance not to be unreasonably withheld. Indemnitees need not have first paid for any of the matters to which Indemnitees are entitled to indemnification in order to be so indemnified. The insurance required to be maintained by Consultant under Section 16 shall ensure Consultant's obligations under this section, but the limits of such insurance shall not limit the liability of Consultant hereunder. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

(c) The provisions of this section do not apply to claims occurring as a result of the City's sole negligence or willful acts or omissions.

SECTION 15. INSURANCE.

Consultant agrees to obtain and maintain in full force and effect during the term of this Agreement insurance, against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work provided by Consultant, its agents, representatives or employees in performance of this Agreement. Insurance is to be placed with insurers with a current A. M. Best's rating of no less than A:VII. All insurance policies shall be subject to approval by City as to form and content. These requirements are subject to amendment or waiver if so approved in writing by City Manager. Consultant agrees to provide City with copies of required policies upon request.

Consultant shall provide the following scope and limits of insurance:

- (a) Minimum Scope of Insurance: Coverage shall be at least as broad as:
- (1) Insurance Services Office Form Commercial General Liability coverage (Occurrence Form CG 0001).
 - (2) Insurance Services Office form number CA 0001 covering Automobile Liability, including code 1, "any auto" and endorsement CA 0025, or equivalent forms subject to written approval of City.
 - (3) Workers' Compensation insurance as required by the Labor Code of the State of California and Employer's Liability insurance and covering all persons providing services on behalf of the Consultant and all risks to such persons under this Agreement.
- (b) Minimum Limits of Insurance: Consultant shall maintain limits of insurance no less than:
- (1) General Liability: \$1,000,000 general aggregate for bodily injury, personal injury and property damage.
 - (2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
 - (3) Workers' Compensation and Employer's Liability: Workers' Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.
- (c) Other provisions: Insurance policies required by this Agreement shall contain the following provisions:
- (1) All Policies: Each insurance policy required by this Agreement shall be

endorsed and state the coverage shall not be suspended, voided, canceled by the insurer or other party to this Agreement, reduced in coverage or m limits except after 30 days prior written notice by certified mail, return receipt requested has been given to City .

(2) General Liability and Automobile Liability Coverage:

- (i) City and their respective elected and appointed officers, officials, employees and volunteers are to be covered as additional insured as respects: liability arising out of activities Consultant performs; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, and its respective elected and appointed officers, officials or employees.
- (ii) Consultant's insurance coverage shall be primary insurance with respect to City, and its respective elected and appointed officers, officials, employees and volunteers. Any insurance or self insurance maintained by City, and its respective elected and appointed officers, officials, employees or volunteers, shall apply in excess of, and not contribute with, Consultant's insurance.
- (iii) Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (iv) Any failure to comply with the reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to City, and its respective elected and appointed officers, officials, employees or volunteers.

(3) Worker's Compensation and Employer's Liability Coverage: Unless the City Manager otherwise agrees in writing, the insurer shall agree to waive all rights of subrogation against City, and its respective elected and appointed officers, officials, employees and agents for losses arising from work performed by Consultant.

(d) Other Requirements: Consultant agrees to deposit with City, at or before the effective date of this Agreement, certificates of insurance necessary to satisfy City that the insurance provisions of this Agreement have been met. The City Attorney may require that Consultant furnish City with copies of original endorsements effecting coverage required by this section. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. City reserves the right to inspect complete, certified copies of all required insurance policies at any time.

- (1) Consultant shall furnish certificates and endorsements from each subcontractor identical to those Consultant provides.
- (2) Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City or its respective elected or appointed officers, officials, employees and volunteers or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims.
- (3) The procuring of such required policy or policies of insurance shall not be construed to limit Consultant's liability hereunder or to fulfill the indemnification provisions and requirements of this Agreement.

SECTION 16. ASSIGNMENT.

The expertise and experience of Consultant are material considerations for this Agreement. City has an interest in the qualifications of and capability of the persons and entities who will fulfill the duties and obligations imposed upon Consultant under the Agreement. In recognition of that interest, Consultant shall not assign or transfer this Agreement or any portion of this Agreement or the performance of any of Consultant's duties or obligations under this Agreement without the prior written consent of the City Council any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this Agreement, entitling City to any and all remedies at law or in equity, including summary termination of this Agreement. City acknowledges, however, that Consultant, in the performance of his duties pursuant to this Agreement, may utilize subcontractors.

SECTION 17. CONTINUITY OF PERSONNEL.

Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant's staff assigned to perform the services required under this Agreement, prior to any such performance.

SECTION 18. TERMINATION OF AGREEMENT.

(a) City may terminate this Agreement, with or without cause, at any time by giving thirty (30) days written notice of termination to Consultant. In the event such notice is given, Consultant shall cease immediately all work in progress.

(b) Consultant may terminate this Agreement at any time upon thirty (30) days written notice of termination to City.

(c) If either Consultant or City fails to perform any material obligation under this Agreement, then, in addition to any other remedies, either Consultant or City may terminate this

Agreement immediately upon written notice.

(d) Upon termination of this Agreement by either Consultant or City, all property belonging exclusively to City which is in Consultant's possession shall be returned to City. Consultant shall furnish to City a final invoice for work performed and expenses incurred by Consultant prepared as set forth in Section 4 of this Agreement. This final invoice shall be reviewed and paid in the same manner as set forth in Section 4 of this Agreement.

SECTION 19. DEFAULT.

In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default and may terminate this Agreement immediately by written notice to Consultant.

SECTION 20. EXCUSABLE DELAYS.

Consultant shall not be liable for damages, including liquidated damages, if any, caused by delay in performance or failure to perform due to causes beyond the control of Consultant. Such causes include, but are not limited to, acts of God, acts of the public enemy, acts of federal, state or local governments, acts of the City, court orders, fires, floods, epidemics, strikes, embargoes, and unusually severe weather. The term and price of this Agreement shall be equitably adjusted for any delays due to such causes.

SECTION 21. COOPERATION BY CITY.

All public information, data, reports and maps as are existing and available to City as public records, and which are necessary for carrying out the work as outlined in Exhibit "A", shall be furnished to Consultant in every reasonable way to facilitate, without undue delay, the work to be performed under this Agreement.

SECTION 22. NOTICES.

All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered, or sent by telecopier or certified mail, postage prepaid and return receipt requested, addressed as follows:

To City: Bill Skinner, Interim City Manager
City of Coalinga
155 W. Durian Avenue
Coalinga, CA 93210

To Consultant: Bruce Corwin, Vice President
Camp Dresser & McKee, Inc.
516 W. Shaw Ave., Suite 200
Fresno, CA 93704-2515

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile or, if mailed, three (3) days after deposit of the same in the custody of the United State Postal Service.

SECTION 23. AUTHORITY TO EXECUTE.

The person or persons executing this Agreement on behalf of the Consultant represents and warrants that they have the authority to so execute this Agreement and to bind Consultant to the performance of its obligations hereunder.

SECTION 24. BINDING-EFFECT.

This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

SECTION 25. MODIFICATION OF AGREEMENT.

No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Consultant and by the City Council. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

SECTION 26. WAIVER.

Waiver by any party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition or covenant. Waiver by any party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision, or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any provisions of this Agreement.

SECTION 27. LAW TO GOVERN; VENUE.

This Agreement shall be interpreted, construed and governed according to the laws of the State of California. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Fresno. In the event of litigation in a U. S. District Court, venue shall lie exclusively in the Eastern District of California, in Fresno.

SECTION 28. ATTORNEY'S FEES, COSTS AND EXPENSES.

In the event litigation or other proceeding is required to enforce or interpret any provision of this Agreement, the prevailing party in such litigation or other proceeding shall be entitled to any award of reasonable attorney's fees, costs and expenses, in addition to any other relief to which it may be entitled.

SECTION 29. ENTIRE AGREEMENT.

This Agreement, including the attached Exhibit, is the entire, complete, final and exclusive expression of the parties with respect to the matters addressed therein and supersedes all other agreements or understandings, whether oral or written, or entered into between Consultant and City prior to the execution of this Agreement. No statements, representations or other agreements, whether oral or written, made by any party which is not embodied herein shall be valid and binding. No amendment to this Agreement shall be valid and binding unless in writing duly executed by the parties or their authorized representatives.

SECTION 30. SEVERABILITY.

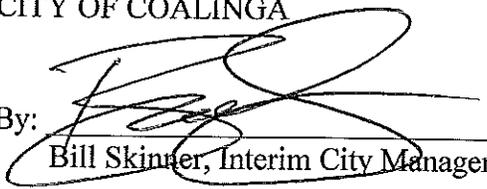
If a term, condition or covenant of this Agreement is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall not be affected thereby, and the Agreement shall be read and construed without the invalid, void or unenforceable provision(s).

SECTION 31. PREPARATION OF AGREEMENT.

This Agreement is the product of negotiation and preparation by and among the parties and their respective attorneys. The parties therefore expressly acknowledge and agree that this Agreement shall not be deemed prepared or drafted by one party or another, or any party's attorney and will be construed accordingly.

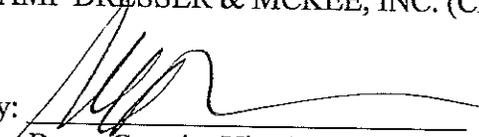
CITY OF COALINGA

By:


Bill Skinner, Interim City Manager

CAMP DRESSER & MCKEE, INC. (CDM)

By:


Bruce Corwin, Vice President

04-2473650

Tax ID No.

Approved as to Form:

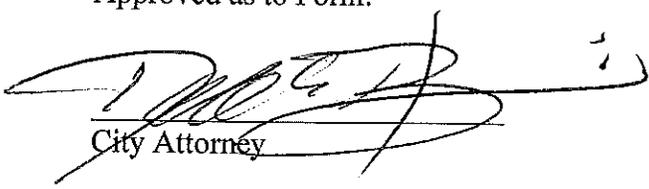

City Attorney

EXHIBIT "A"

SCOPE OF SERVICES



516 West Shaw Avenue, Suite 200
Fresno, CA 93704-2515
tel: 559 221-4994
fax: 559 221-4907

June 4, 2008

Mr. Bill Skinner, Community Development Director and Interim City Manager
City of Coalinga
155 W. Durian
Coalinga, CA 93210

Subject: Proposal to Perform a Sewer System Financial Plan Study

Dear Mr. Skinner:

Camp Dresser & McKee Inc. (CDM) is pleased to submit this proposal to perform a Sewer System Financial Plan Study for the City of Coalinga (City). We offer the City the services of a qualified team that has conducted numerous similar studies in California; our highly experienced team has developed a targeted study approach that meets your specific needs.

CDM is a full service consulting, engineering, construction, and operations firm skilled at helping clients meet infrastructure and environmental project needs. With more than 4,000 professionals in over 100 offices worldwide, CDM maintains the size, stability, and resources needed to undertake a diverse range of projects successfully. All aspects of municipal utility infrastructure have long been a core focus of the company's business.

Our philosophy of client service is: **Listen, Think, Deliver**. We pay particular attention to each client's specific issues and needs and apply our experience and knowledge to develop the best solution. This product is delivered in a timely manner and is reviewed for quality by senior level professionals.

Our proposed project team will consist of Mark Ysusi, PE, a very familiar name to the City, along with members of the CDM Management Consulting Group. The CDM Management Consulting Group specializes in a variety of utility financial management functions: cost-of-service and rate study analysis, facility operations budgeting, capital project and program planning, asset management, and overall re-engineering of utility business practices. The CDM Management Consulting Group has been providing sewer rate consulting services for over 30 years, and has completed more than 100 such assignments in the past five years for local and regional agencies, with service areas ranging from several hundred to over four million customers.

The following sections of this proposal detail our project objectives, approach, and scope of work. This proposal also includes the study budget and schedule. For your reference, we have also included a brief description of each proposed team member and a list of recent utility rate studies.

OBJECTIVES AND APPROACH

The City provides wastewater services to approximately 12,200 citizens and local businesses, including a medical center and West Hills Community College. The 2005 Sewer Master Plan, prepared by Mr. Ysusi, evaluated several different alternatives concerning the location of the City's existing wastewater treatment plant (WWTP) including relocating it to a location out of the path of future development. The City Council approved relocation of the WWTP and has purchased an approximately 400-acre property at the southwest corner of Jayne and Alpine Avenues and has certified a programmatic EIR for a new WWTP on the property. Approximately 4 miles of new sewer interceptor pipeline will be



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required to transport the wastewater from the existing collection box upstream of the existing WWTP to the new WWTP. The City's most recent work concerning relocating the WWTP has been a routing study, also prepared by Mr. Ysusi. The City is in the process of preparing environmental documents associated with construction of the new interceptor. From the costs estimated in the 2005 Sewer Master Plan and the Interceptor Routing Study, it appears that the City needs a financing plan to provide funding for a \$20 to \$30 million WWTP and Interceptor project.

Project Objectives

The scope of work included in this letter describes the itemized tasks for identifying the financial policies and sewer service rates to build the WWTP and to operate the City sewer utility. The primary objectives for this study are as follows:

Affirmation of Financial Policies. With the increased funding requirement for both operations and capital facilities, a review of appropriate sewer service financial policies is warranted. This will review be conducted in a kickoff meeting/workshop attended by the Interim City Manager, the City's Finance Director/Treasurer, the Chief WWTP Operator, and City Public Works Operations Director. The following issues will be addressed to document the City sewer utility's financial guidelines:

- Capital, working and emergency fund types and levels
- Enterprise-based utility budgets
- Rate setting policies
- Customer rate shock issues
- Debt and bond funding policies

Estimates of Revenues to Fund the Proposed WWTP and the Ongoing System Operations. The annual cash flows of a WWTP project construction fund and the sewer system will be developed from information provided by the City. Revenue bond proceeds required for funding the WWTP project will be calculated, along with increases in operating costs for the new facilities. The currently budgeted operating costs will be projected over the next five years, with the additional costs of revenue bond debt service, inflationary escalations on costs, and increases in treatment levels. The annual cash flow analysis will include the city-provided costs of on-going capital facility repair and replacement.

Achieving Understanding. City Council understanding of the financial implications on current customers of the proposed WWTP and Interceptor project funding is essential for their informed decision making. CDM has extensive experience in supporting and conducting financial workshops and public hearings to discuss municipal utility financial issues.

The City may also want to expand the study to consider updating sewer rates and sewer connection fees. With the construction of a new treatment plant, the City's financial investment in a sewer system will increase substantially. Under State law, any new customers seeking to connect to the system can be charged for the City's costs of facility investments. As such, a sewer connection fee update of the system development charges can be used to assure that new growth will pay for itself, to avoid burdening existing customers.

Financial Planning Approach

All CDM financial planning studies are prepared under a detailed scope of work using the following utility financial planning guidelines:



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- **Sufficient Revenues** — effective in recovering the costs of providing service.
- **Practical to Apply** — easy and feasible for the City to implement and administer.
- **Acceptable to the Community** — designed to foster public acceptance from ratepayers.

SCOPE OF WORK

Accomplishment of the project objectives is dependent on a well-organized project approach that is defined by work tasks. To implement the key steps described above, CDM will perform the tasks set forth in the following scope of work. All work will be performed by CDM staff, while the City's efforts will be primarily to provide financial and sewer service system and customer billing data, to facilitate the acquisition of water use data, and to provide input on policy issues.

The study will evaluate the funding options available to the City for the WWTP and Interceptor project, including a mix of revenue bonds, current sewer connection fees, State grants and low-cost loans, and increases to the existing customer sewer service fees. The products of this study will include a report evaluating the availability, pros and cons of different funding alternatives, a five-year cash flow pro forma of the sources and uses of funds for the proposed construction project and the projected sewer utility operations, a sensitivity analysis of the findings and conclusions projected impact on customer bills after funding of the WWTP and Interceptor project, and presentations to City staff and Council members.

There are eight specific study tasks to accomplish the scope of work.

Task 1 — Meet with City Staff

We will meet with City staff at the beginning of the financial planning study in a kickoff meeting to introduce our project management methods and describe our quality controls, clarify and set specific project goals and schedules, and determine how study issues should be handled. The kickoff meeting discussion issues will include:

- Identification of potential sources of information
- Channels of communication and protocols
- Project goals, milestones, and deliverables
- Description of study documentation, format, and content
- City wants and needs

At this meeting, we will also confirm the study deliverables.

Task 2 — Affirmation of Financial Policies and Service Levels

We will conduct a City staff workshop with the kickoff meeting to address and document the City's financial policies and guidelines. We will also hold a discussion with City Public Works and Finance staff to ascertain current operation activities and service levels. Issues to be discussed will include:

- Fund types and levels (replacement, working capital, regulatory, emergency)
- Rate Shock Avoidance (frequency and degree of rate adjustments)
- Billing policies
- Notification requirements of Proposition 218
- Public outreach coordination



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- New activities for compliance with SWRCB Order No. 2006-0003 General Waste Discharge Requirements (WDR)
- Other issues that may arise

Task 3 — Review Financial and Engineering Information

CDM will review the City-provided sewer system information, including:

- Annualized sewer system capital project costs
- City sewer service ordinance
- Special wastewater service agreements
- Sewer system master plans and WWTP costs
- Historical expenses and budgeted Sewer Enterprise costs

Task 4 — Determine Financing and Capital-Related Revenue Requirements

This task will result in the development of a financing plan. The plan will combine the WWTP and Interceptor project construction cost funding requirements with any other ongoing capital improvement and replacement projects to develop an annual projection of the capital-related revenue requirements for the five-year study period, including pay-as-you-go project funding, grant and loan-funding projects, and annual debt service requirements. In consultation with City staff, we will review the City sewer utility's existing capital projects and identify the most likely financial plan scenario with estimated annual debt service.

Task 5 — Project Future Operation and Maintenance (O&M) Expenses

CDM will analyze the sewer system's current O&M expenses to project future expenses beyond the current budget. We will perform the following subtasks:

Subtask 5.1. Analyze prior year expenses and the current budget.

Subtask 5.2. Identify the cost-influencing factors such as anticipated State Regional Water Quality Control Board (RWQCB) Waste Discharge Requirements and inflation factors to be used for the study period.

Subtask 5.3. Determine annual debt service requirements and coverage ratios of the proposed WWTP project funding, net of any State grants and low-interest loans.

Subtask 5.4. Determine total O&M expense levels for the proposed study period consistent with projections of customer wastewater discharges, inflation, proposed capital projects, and maintenance activities.

Task 6 — Determine Total Rate-based Revenue Requirements

We will summarize the total revenue requirements for each year of the proposed five-year study period based on a cash flow identifying the sources and uses of funds. We will subtract from these revenue requirements the non-operating revenues from other income (interest income, connection fees, miscellaneous fees, etc.) to determine the annual revenues to be recovered from sewer rates.



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Task 7 — Prepare Report and Meet with City

We will document the results of the study in a letter report. Three copies of a draft report and an electronic copy will be furnished to the City for review. Upon receipt of City comments, the City will receive 10 copies of the final report and an electronic copy. The report shall include including findings, conclusions and recommendations; backup data and other information to support the study.

In addition to the combined kickoff meeting and financial policy workshop, we will meet with City staff to discuss the draft report, and present the report at a public hearing (or closed session at the City's discretion) to the City Council.

PROJECT TEAM

The successful completion of any project depends upon the experience and capabilities of the personnel. Each CDM staff member is a skilled and experienced professional, dedicated to maintaining high quality standards and ethics upon which CDM's reputation for excellence is built. In addition to CDM's understanding and expertise in managing complex financial, political, legal, and institutional issues, CDM has hands-on experience with operating sewer systems. This combination of experiences has proven invaluable in assessing the needs and costs for operation, maintenance, rehabilitation, and capital improvement of sewer and water systems.

Described below are our team members and their relevant qualifications. Resumes for each team member are included as an attachment.

Bruce Corwin, P.E. – Principal-In-Charge

Mr. Bruce Corwin, P.E. will serve the City as the Principal-in-Charge and will be responsible for assuring that adequate resources are available to deliver the project on time and within budget. He is a senior leader in the firm who provides support and assistance to project managers, and who can commit additional firm resources, if necessary. Mr. Corwin has over 35 years of municipal utility experience, encompassing all phases of water and wastewater project involvement from planning and feasibility studies through final design, construction, and startup. Mr. Corwin can be reached at CDM's Sacramento office by telephone (916) 567-9900, at his mobile number (916) 201-0564, by FAX at (916) 564-5016, or by email at corwinb}@cdm.com.

Mark Ysusi, P.E. –Project Manager

Mr. Mark Ysusi, P.E, will serve as your project manager. Mr. Ysusi has preformed several successful projects for the City of Coalinga since 1990, including the following:

- 1990 Project Manager for the Water System Master Plan that served as the basis for a major upgrade of the City water treatment plant that was funded by the State Department of Corrections
- 1991 Project Manager and Principal Design Engineer for a 4-MGD expansion from 8- to 12-MGD of the City's water treatment plant including an upgrade of the City's entire water system SCADA system
- 1992 Project Manager and Principal Design Engineer for the 5-MG Calaveras Avenue storage reservoir



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- 2005 Project Manager for Coalinga Sewer, Water, and Storm Drain Master Plans
- 2006 Project Manager and Principal Designer for design of chloramination facilities at the City's surface water treatment plant using on-site generation of sodium hypochlorite and aqueous ammonia
- 2007 Project Manager for the Interceptor Routing Study for new pipeline from the existing WWTP to the proposed WWTP
- 2002 to 2008 Project Manager for several miscellaneous studies and design projects for the City

Mr. Ysusi will assist with development of the WWTP and Interceptor financial plan, bringing unparalleled institutional knowledge of Coalinga utilities to the project. He will coordinate all project deliverables, attend project meetings as appropriate, will oversee or personally assist with preparation of the detailed work, and will be your primary point of contact. Mr. Ysusi is located in CDM's new Fresno office and can be reached at his Fresno office at (559) 221-4994, his mobile number (559) 240-8690, by FAX at (559) 221-4907, or by email at ysusima@cdm.com. Mr. Ysusi has nearly 40 years of municipal utility experience and a proven track record of successful projects done for Coalinga.

Jake Boomhouwer, P.E. – Lead Project Engineer

Mr. Jake Boomhouwer, P.E., will serve as your lead project engineer. He will be responsible for all project deliverables, will attend all project meetings, will oversee or personally prepare the detailed work, and will be Mr. Ysusi's primary point of contact. Mr. Boomhouwer is the Western Region Manager for CDM's Management Consulting Group. He is a California registered civil engineer with an MBA and over 30 years of experience in utility finance and management. Mr. Boomhouwer has prepared numerous water and sewer rate studies for over 100 public utilities in California, Arizona, Hawaii, Oregon, and Washington. Mr. Boomhouwer managed the water and wastewater cost of service and rate study performed for the City of San Francisco four years ago.

Grant Hoag, P.E. – Quality Assurance

Mr. Grant Hoag, P.E., will provide project quality assurance and control. Grant is a Senior Project Manager for CDM's Management Consulting Group. He is a registered civil engineer in California with a BSCE and a MBA from the University of California at Berkeley. Mr. Hoag has spent 21 years in California managing over 70 funding plans and rate studies involving determination of revenue requirements, fully allocated cost of service analysis, rate design, and computer model development for cities very similar to the City of Coalinga. Mr. Hoag is currently updating utility fees for the Vallejo Sanitation and Flood Control District, sewer rates for the City of Mesquite, and water rates for the City of Glendale.

Katherine Kimble – Financial Analyst

Ms. Katherine Kimble will be responsible for certain detailed analysis and documentation of results in reports. Ms. Kimble is a management consultant responsible for comprehensive rate studies, and water and sewer financial modeling to determine funding options for public infrastructure and capital programs. With CDM, Ms. Kimble has been involved in various projects for municipal clients throughout California.



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FIRM UTILITY RATE KNOWLEDGE

CDM has conducted over 100 rate studies nationwide in the last five years for local and regional agencies with service areas ranging from several hundred to more than four million customers. CDM has conducted numerous utility rates studies within California. The project listing below represents some of the California studies your CDM project team has conducted in the last three years.

- Water and Sewer Rate and Fee Study, Loma Linda
- Stormwater Program Funding Study, City of Pasadena
- Water and Sewer Rate and Capacity Charge Study, North Tahoe Public Utilities District
- Wastewater and Water Utility Rate and Capacity Fee Study, City of Escondido
- Water Utility Rate Study, Camarillo, CA
- Wastewater Utility Rate Study, City of Chula Vista
- Water Rate Study, City of Glendale
- Water and Sewer Rate Study, Crescenta Valley Water District
- Water and Sewer Capacity Charge Studies, Otay Water District, Spring Valley

PROJECT TEAM REFERENCES

The CDM project team has been involved in numerous sewer rate studies. Because we believe client satisfaction to be a reliable measure of our professional excellence, we welcome the opportunity to provide you with references for the following past projects. These selected past projects provide an overview of some of our team's relevant project experiences. We invite you to contact the listed references for additional information regarding our project performance.

Water and Sewer Study – San Francisco PUC, California. Project Manager Jake Boomhouwer conducted a comprehensive water and sewer rate study for San Francisco PUC. The City had significant needs for capital improvements as well as a need to assure its users that rates are equitable and based on cost of service.

Reference: Bill Laws, Rates Manager, (415) 487-5251

Vallejo Sanitation and Flood Control District, California. Grant Hoag conducted a sewer utility revenue requirement review and financing plan that incorporated a court-mandated five-year, \$65 million capital improvement program, a cost of service evaluation, and alternative rates assessment. The study included technical study findings, public workshops, and citizen's advisory committee discussions to reach consensus on new rates.

Reference: Ken Spray, Finance Director, (707) 651-7136, ext. 221

STUDY BUDGET

CDM will perform the tasks in this scope on a time and materials budget for an estimated budget of \$25,000. The budget is based on approximately 140 total study hours plus other direct costs for travel and report production.

STUDY SCHEDULE

CDM is prepared to start work immediately upon receipt of a notice to proceed and delivery of City-supplied data. The kickoff meeting/financial policy review workshop should be scheduled to occur within one month of the receipt of data. Preliminary findings on projected revenue requirements will be



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available within one month of the start, and a draft report providing findings and conclusions will be completed within two months of the start date. A final report will be delivered within two weeks of written City comments on the draft report. Note that under state law, public notification of the proposed rate updates must be delivered by mail to all current and proposed customers at least 45 days prior to a public hearing on the rates.

CONCLUSION

Our proposal provides detailed information regarding our experience, our project understanding and approach, and the qualifications of our team. We invite you to evaluate our proposal and we are happy to provide any additional information you may require. Please feel free to contact Mark Ysusi at (559) 221-4994 or (559) 240-8960 if you have any questions.

Thank you for this opportunity to be considered for this important work.

Very truly yours,

A handwritten signature in black ink, appearing to read 'BC', with a long horizontal line extending to the right.

Bruce Corwin
Vice President
Camp Dresser & McKee Inc.

Attachment: Resumes