



## San Jacinto River Authority

### REQUEST FOR QUALIFICATIONS RFQ #17-013, Raw Water Enterprise Rate Study

#### RFQ OVERVIEW

The San Jacinto River Authority (SJRA) is soliciting Statements of Qualifications (SOQs) from parties interested in undertaking the following project: Complete a Study on Rates for the Raw Water Enterprise (the “Study”).

Statements of Qualifications (SOQs) will be accepted prior to March 10, 2017 at 2:00 P.M. CST at the reception desk on the 3<sup>rd</sup> Floor of the SJRA General and Administrative (G&A) Building, 1577 Dam Site Road, Conroe, Texas 77304. Submissions should be addressed as follows:

Attn: Grady Garrow  
Purchasing Department  
San Jacinto River Authority  
1577 Dam Site Road  
Conroe, Texas 77304

Responses received after the above-mentioned date and time will not be considered, and will be returned to the proposer in the condition they were delivered. All communications regarding this RFQ must be made in writing and electronically to Grady Garrow, Raw Water Enterprise Buyer, [ggarrow@sjra.net](mailto:ggarrow@sjra.net). Any other contact with SJRA staff, consultants, or advisors regarding this contract may eliminate that firm from contract award consideration.

The proposed schedule for this Request for Qualifications is as follows:

Release RFQ to Consultants:	Friday, February 17, 2017
Pre-Submittal Conference:	Friday, March 3, 2017, 2:00 PM
SJRA Lake Conroe Division Office	
1561 Dam Site Road	
Conroe, Texas 77304	
Phone: 936-588-1111	
Deadline for Questions and Inquiries:	Tuesday, March 7, 2017, 5:00 PM
SOQ Submissions Due:	Friday, March 10, 2017, 2:00 PM

It is anticipated that a short-list of the Respondent Firms (the “Firms”) will be developed. Key team members of the short-listed Firms will be requested to participate in an interview and a demonstration of the Firm’s standard rate model.

The tentative schedule is as follows:

Notify short-listed Firms:	March 31, 2017
Interviews:	Week of April 17, 2017
Selection and Notification:	April 28, 2017
Submittal of draft scope, schedule, and budget:	June 1, 2017
Final Work Order and PSA completed:	June 23, 2017
SJRA Board of Directors Approval:	July 27, 2017
Notice to Proceed:	July 31, 2017

## **GENERAL INFORMATION**

The San Jacinto River Authority (“SJRA”) desires to have a rate review and design study and rate model development performed to determine the level of required future annual revenue to support the operations, maintenance, repair, rehabilitation, and capital improvements of its raw water supply, storage, conveyance, and delivery system (“Raw Water System”). With adequate revenue levels, SJRA will continue to provide a sufficient and reliable supply of raw water that will meet the demands of its customers. The Study will provide for the design and review of potential modifications to raw water rates to meet those revenue requirements for the ten year period beginning September 1, 2018 and ending August 31, 2028, representing SJRA FY 2019 through FY 2028.

The Study must address multiple variables and uncertainties related to the future expenses and revenues within the Raw Water System, including drought and weather induced variations in demand, population and industrial growth in the service area, catastrophic events causing significant damages and repairs to the system, and potential major changes in regulatory requirements such as groundwater pumping restrictions. The Authority is currently developing a Long Range Raw Water System Master Plan to meet growth projections in raw water demands of its service area and to address these uncertainties. In addition, development of new water supplies is inherently more expensive than the cost of current supplies; therefore, multiple alternative strategies will likely be necessary to meet the projected future growth and provide the reliability of future supplies that is demanded by industry and municipalities. This Study will require the development of financial models capable of addressing “what-if” scenarios that can handle these types of uncertainties and variables within the raw water rate structure.

The revenues and costs associated with the operations, maintenance, repair, rehabilitation and capital improvements of SJRA’s Raw Water System are captured and reported in the Raw Water Enterprise. The Lake Conroe Division, Highlands Division and G&A are currently aggregated for tracking and reporting the costs and expenses associated with these subset divisions separately with the revenue generated from the sales of raw water reported in the Raw Water Enterprise.

Study objectives for the Raw Water Enterprise Rate Study include the following:

- identify needed future annual revenue levels including the timing and magnitude of any rate increase;
- identify funding for pay-as-you-go financing of repair and rehabilitation of the system;

- identify debt financing for significant capital improvements to the system;
- identify appropriate reserve target levels and annual contributions to reach and/or maintain those target levels;
- design of rates that meet contractual requirements and produce sufficient revenues commensurate with the cost to provide service;
- conduct of limited benchmarking to evaluate potential changes in policies and procedures used by other similar agencies to appropriately conduct debt financing, set reserves, and structure rates;
- design of rates that follow a “system-wide” approach without consideration given to the location of where customers may take their water and include consideration of reservation fees, supplemental payments for capacity improvements and other unique features;
- development of a linked rate spreadsheet model with flexibility to modify key factor assumptions and incorporate historical and projected data for SJRA staff to perform “what-if” scenarios from a single input data sheet and conduct sensitivity analysis of key assumptions and projections.

The Study provides for the collection and assessment of necessary data to evaluate and determine the design of raw water rates required during the entire Study period. Draft and final reports/presentations will provide for the documentation and showing of Study findings and results. The following detailed information outlines an example of a potential project approach and Scope of Work for conducting the Study. The Study specifically does not include the Woodlands Division or Groundwater Reduction Plan (GRP) Division other than providing raw water rates that may be considered in any related planning activities.

As such, SJRA has the need for a Rate Consultant to undertake a Study on the Raw Water Enterprise Rates. The SJRA will require the services of a Rate Consultant with a high level of experience in similar studies. The SJRA may consider the Rate Consultant to provide professional consulting services. Please see “Exhibit A” for Professional Services Agreement (PSA) and Work Order (WO), including the Scope of Work with the defined due dates for various tasks for the Study. The PSA and WO attached are for reference only and may be subject to change.

## **I. INSTRUCTIONS TO PROPOSERS**

The SJRA is requesting a Statement of Qualifications from qualified firms to provide professional services as a Rate Consultant. The Firm shall include appropriately qualified, experienced and licensed professionals to provide these as well as other services required within the proposed schedule.

### **A. Statement of Qualifications Requirements**

1. SOQs shall not exceed fifteen pages including transmittal letter and attachments; and excluding covers and plain section dividers. SOQs shall be printed on single side 8 ½” by 11” pages with not less than 1-inch margins, not less than 1.25 line spacing and not less than 12 point font.

2. Transmittal Letter – Provide a transmittal letter signed by an officer of the Firm who has the authority to commit the Firm to the Study.
3. General Information of the Firm to be included:
  - a. Firm name
  - b. Corporate address
  - c. Address, phone number, and fax number of Texas office supporting the Study
  - d. Primary contact name, phone number, and email address
  - e. Website address
  - f. Federal tax identification number
  - g. Number of years firm in business
  - h. Type of organization(s) (individual, partnership, or corporation)
  - i. Date of organization creation (month and year)
  - j. Location(s) of business
  - k. Name(s) and date(s) of predecessor organization(s)
  - l. Total number of employees supporting this Study
  - m. Number and type of professionals and corresponding registrations/ certifications supporting this Study
  - n. Type and limits of insurance coverage
4. Team Organization Chart
5. Experience of the individual Project Manager – Provide the following information to clearly demonstrate the experience and capabilities of the individual Project Manager proposed for the Study:
  - a. Name
  - b. Position/title within the Firm
  - c. Role/responsibility for this Study, including availability and time commitment to the Study
  - d. Current location and location during execution of the Study
  - e. Education
  - f. Applicable registrations or certifications
  - g. Years of experience directly related to the aspects of the water rate studies, especially raw water rate studies
  - h. Experience relevant to the specific aspects and anticipated services for this Study – Provide summary of experience and qualifications, and detailed descriptions of no more than five recent assignments of similar nature using the following format:
    - 1) Assignment name/location/client
    - 2) Project description
    - 3) Work/services performed under direct supervision of the individual
    - 4) Subconsultants utilized on the project and nature of work of those subconsultants
    - 5) Completion date of project and/or key deliverables
    - 6) Budget and schedule management and adherence
    - 7) Client contact name, title/position, current phone number, and email address

6. Experience of the individual lead rate/financial professional(s) (i.e. Project Rate Specialist, Project Accountant, Project Financial Analyst, etc.) – Provide information that clearly demonstrates the experience and capabilities of the individual lead rate/financial professional(s) proposed for this Study including the following:
  - a. Name
  - b. Position/title within the Firm
  - c. Role/responsibility for this Study, including availability and time commitment to the Study
  - d. Current location and location during execution of the Study
  - e. Education
  - f. Applicable registrations or certifications
  - g. Years of experience directly related to the aspects of the water rate studies, especially raw water rate studies
  - h. Experience relevant to the specific aspects and anticipated services for this Study – Provide summary of experience and qualifications, and detailed descriptions of no more than five recent assignments of similar nature using the following format:
    - 1) Assignment name/location/client
    - 2) Project description
    - 3) Work/services performed under direct supervision of the individual
    - 4) Subconsultants utilized on the project and nature of work of those subconsultants
    - 5) Completion date of project and/or key deliverables
    - 6) Budget and schedule management and adherence
    - 7) Client contact name, title/position, current phone number, and email address
7. Support Resources, including any required subconsultants:
  - a. Name
  - b. Position/title
  - c. Firm name
  - d. Role/responsibility for this Study
  - e. Current location and location during execution of the Study
  - f. Education
  - g. Applicable registrations or certifications
  - h. Years of experience directly related to the specific aspects and anticipated services for the Study, especially raw water rate studies
  - i. Experience relevant to the specific aspects and anticipated services for the Study
8. Recent/Current Projects – Provide client contact name, current phone number, and email address for all water rate studies in the United States for which the Firm completed within the last five calendar years, and the water rate studies for which the Firm is currently under contract to provide related services. The Firm should highlight all raw water rate studies and key personnel who participated in those studies and who are proposed to perform similar services for this effort.
9. Approach – Provide the Firm’s approach to the Study, including an outline of the purpose and objectives for all major tasks, key issues requiring resolution, major deliverables,

and anticipated schedule for completion. Highlight when possible how this Study is similar to previous studies the Firm has conducted and how the Firm would ensure the successful execution of the work, including the Firm's plan for QA/QC of the Study results and recommendations.

10. Other Information - Provide other information pertinent to the Study regarding the Firm and its support resources.
11. Potential Conflicts of Interest – Firms seeking to do business with SJRA are responsible for maintaining compliance with the applicable provisions of Chapter 176, Local Government Code, related to disclosure of conflicts of interest. The Conflict of Interest Questionnaire is available for downloading on the Texas Ethics Commission's website at <http://www.ethics.state.tx.us/forms/CIQ.pdf> and should be submitted to SJRA under separate cover. The completed Conflict of Interest Questionnaire will be posted on SJRA's website as required by Chapter 176.

**B. Equal Employment Opportunity Requirements**

The SJRA highly encourages applicants to maintain non-discriminatory practices in their employment programs. This means applicants should not discriminate against any employee or applicant for employment because of race, color, national origin, religion, sex, age, handicap, political belief, or affiliation.

**II. GENERAL**

- A. This RFQ does not commit SJRA to enter into a contract, nor does it obligate it to pay any costs incurred in the preparation and submission of qualifications and subsequent discussions, interviews and/or presentations in anticipation of a contract.
- B. SJRA reserves the right to:
  1. reject any and all Statements of Qualifications received;
  2. cancel the entire RFQ;
  3. remedy technical errors in the RFQ process;
  4. negotiate with any, all, or none of the respondents to the RFQ;
  5. request proposals from a short list of respondents to the RFQ;
  6. conduct interviews with a shortlist of respondents to the RFQ, which may include a requirement to provide a presentation of the Firm's standard rate model by the Firm's proposed Project Manager;
  7. waive informalities and irregularities; and
  8. modify the selection process.
- C. SJRA retains the right to select, approve, or disapprove all subconsultants.

**EXHIBIT “A”**

(Professional Services Agreement and Work Order)

**PROFESSIONAL SERVICES AGREEMENT**  
**CONTRACT NO. \_\_\_\_\_**

This Professional Services Agreement (the “Agreement”) is made and entered into effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 201\_, by and between the San Jacinto River Authority, a conservation and reclamation district of the State of Texas, (“SJRA”) with general and administration offices located at 1577 Dam Site Road, Conroe, Texas 77304,

and

\_\_\_\_\_, a [corporation, LP, LLC, partnership] organized under the laws of the State of \_\_\_\_\_, (“CONSULTANT”) with principal offices located at \_\_\_\_\_.

SJRA and CONSULTANT are sometimes referred to herein collectively as the “Parties” or individually as a “Party”.

The Parties hereby agree as follows:

**ARTICLE 1 – SCOPE OF SERVICES**

1.1 CONSULTANT agrees to perform professional services (the “Services”) related to \_\_\_\_\_ as are requested from time to time by SJRA, which Services shall be set forth more particularly in Work Orders, the form of which is attached hereto as Attachment B, issued from time to time by SJRA and accepted by CONSULTANT. Each Work Order shall constitute a separate and independent agreement between CONSULTANT and SJRA.

1.2 Work Orders shall contain the schedule, price, and payment terms applicable to the Services within the scope of such orders. Time is of the essence to this Professional Services Agreement and all Work Orders will incorporate and be governed by and subject to the terms, conditions, and other provisions of this Agreement. Work Orders shall become effective when an acknowledged copy thereof is signed by a duly authorized officer of CONSULTANT, returned to SJRA and countersigned by SJRA. The specific terms of a Work Order may not be modified unless such modifications are agreed to in writing by SJRA and CONSULTANT.

1.3 Unless the Work Order specifically states the term, condition, or other provision of this Agreement that is being modified, terms, conditions, or other provisions contained in any Work Order or any proposal attached to or incorporated in to a Work Order that conflict with any terms, conditions, or other provisions of this Agreement shall have no effect and shall be deemed stricken and severed from such Work Orders, and the balance of the terms, conditions, and other provisions contained in such Work Orders shall remain in full force and effect. Modifications of the terms, conditions, or other provisions of this Agreement with respect to a particular Work Order shall not modify the terms, conditions or other provisions of this Agreement with respect to any other Work Order.

1.4 Nothing herein shall obligate SJRA to issue, or CONSULTANT to accept, any Work Orders. Further, the Parties agree that nothing in this Agreement shall prohibit the Parties, or either of them, from entering into agreements other than this Agreement for professional services or other work.



## **ARTICLE 2 – TERM OF AGREEMENT**

2.1 This Agreement shall be effective for a term of one (1) year from the date first set forth above and shall be automatically renewed without action by either Party for subsequent terms of one year unless terminated earlier in writing in accordance with Article 12.

2.2 Notwithstanding the foregoing, this Agreement shall apply to and remain in effect for Work Orders issued and accepted during the term of this Agreement until such time as the Services under such Work Orders have been completed; provided however, that, pursuant to Article 12, either Party shall have the right to terminate any Work Order for cause and SJRA shall have the right to terminate any Work Order for convenience.

2.3 Consultant's obligations under Articles 5, 6, 8, 9, 10, 11, 18, 19 and 20 shall survive the expiration of termination of this Agreement or any Work Order.

## **ARTICLE 3 – COMPENSATION AND PAYMENT**

3.1 SJRA agrees to pay CONSULTANT, and CONSULTANT agrees to accept, as full and complete compensation for Services properly performed by CONSULTANT in accordance with this Agreement and applicable Work Order, the rates and charges agreed upon for a specific Work Order. Paragraphs A.1 or A.2 of Attachment A, which is attached hereto and incorporated herein by reference, shall be used to negotiate the compensation payable for each Work Order issued hereunder.

3.2 On or before the tenth day of each calendar month, CONSULTANT shall submit an invoice to SJRA, together with backup documentation required by SJRA and releases and waivers in forms acceptable to SJRA, covering all Services performed under any Work Order by CONSULTANT and its subconsultants, subcontractors and suppliers during the preceding calendar month. CONSULTANT shall separately itemize on each invoice: (i) each Work Order for which payment is sought, (ii) the amount budgeted for each such Work Order, (iii) the amount of payment requested for each such Work Order, (iv) the amount previously paid for each such Work Order, (v) descriptions of Services performed during the prior month for each such Work Order, and (vi) the total payment requested by such invoice. SJRA shall pay the amount it agrees to be due within thirty (30) days after receipt of such complete invoice and backup documentation.

3.3 SJRA shall have the right but not the obligation to withhold all or any part of payment requested in any invoice to protect SJRA from loss or expected loss because of:

(a) Services that are not in compliance with this Agreement or the applicable Work Order or any failure of CONSULTANT to perform Services in accordance with the provisions of this Agreement or the applicable Work Order;

(b) third party suits, stop notices, claims or liens arising out of Services performed for which CONSULTANT is responsible pursuant to this Agreement and asserted or filed against SJRA or any of their respective property or portion thereof or improvements thereon provided that CONSULTANT fails to provide SJRA with sufficient evidence that CONSULTANT's insurance is adequate or shall cover the claim(s);

(c) uninsured damage to any Indemnified Party which results from CONSULTANT's failure to obtain or maintain the insurance required by this Agreement or from any action or inaction by CONSULTANT or any of its subcontractors, subconsultants, or suppliers which excuses any insurer from liability for any loss or claim which would, but for such action or inaction, be covered by insurance; or

(d) any failure of CONSULTANT to pay any subcontractor, subconsultant, or supplier of CONSULTANT the correct, undisputed, and contractually obligated amount for acceptable services received and for acceptable supplies received. CONSULTANT will not include in its billings to SJRA any amount in a subcontractor or supplier invoice which it has not paid or does not intend to pay within the terms and conditions of the applicable subcontract agreement or supplier purchase order.

3.4 CONSULTANT agrees to pay in full (less any applicable retainage) as soon as reasonably practicable, but in no event later than thirty (30) days following payment from SJRA, all subcontractors, subconsultants, and any other persons or entities supplying labor, supplies, materials, or equipment in connection with Services that are owed payment by CONSULTANT out of such payment made to CONSULTANT by SJRA. Further, provided that SJRA paid CONSULTANT in accordance with the terms of this Agreement and any particular Work Order, CONSULTANT shall defend and indemnify SJRA against any claims for payment asserted or filed by any such person or entity against SJRA, its project or property or CONSULTANT.

**ARTICLE 4 – STANDARD OF CARE; COORDINATION OF SERVICES; SAFETY; COST ESTIMATES; EQUAL EMPLOYMENT OPPORTUNITY; THIRD PARTY REVIEW**

4.1 **OPTION 1: FOR PSA WITH ENGINEER OR ARCHITECT --** CONSULTANT shall perform, supervise and direct the Services, and otherwise discharge its obligations under this Agreement and any Work Order: (a) with the professional skill and care ordinarily provided by competent [engineers][architects] practicing in the same or similar locality and under the same or similar circumstances and professional license; and (b) as expeditiously as is prudent considering the ordinary professional skill and care of a competent [engineer][architect] (collectively, the CONSULTANT’s “Standard of Care”). **OPTION 2: FOR PSA NOT WITH AN ENGINEER OR ARCHITECT --** CONSULTANT shall: (a) perform, supervise and direct the Services, using reasonable skill and attention, in a good, workmanlike and timely manner and in a similar reasonable and expeditious and economical manner consistent with the interests of SJRA; (b) exercise the degree of care, skill, and diligence in the performance of the Services in accordance with and consistent with the professional skill, care and diligence ordinarily provided by professional consultants of the same discipline practicing in major metropolitan areas under the same or similar circumstances; and (c) utilize reasonable skill, efforts, and judgment in furthering the interests of SJRA (collectively, the CONSULTANT’s “Standard of Care”).

4.2 Consistent with its Standard of Care, CONSULTANT shall (a) perform its Services in accordance with all applicable laws, codes, ordinances and regulations; (b) perform its Services in an efficient manner; and (c) keep SJRA apprised of the status of Services, coordinate its activities with SJRA, and accommodate other activities of SJRA at sites that Services impact. CONSULTANT shall designate an authorized representative to be available for consultation, assistance, and coordination of activities.

4.3 CONSULTANT shall be responsible for its own activities at sites including the safety of its employees, and that of its subconsultants, subcontractors and suppliers but shall not assume control of or responsibility for the site. Construction contractors of SJRA shall have sole responsibility for providing materials, means, and methods of construction, for controlling their individual work areas and safety of said areas for all parties, and for taking all appropriate steps to ensure the quality of their work and the safety of their employees and of the public in connection with their performance of work or services provided under contracts with SJRA. However, CONSULTANT shall notify SJRA if it observes violations of safety regulations or ordinances or quality of work deficiencies by SJRA’s construction contractors. CONSULTANT shall comply with the site safety program and rules established by the construction contractors.

4.4 To the extent that CONSULTANT provides to SJRA any estimate of costs associated with construction, it is recognized by the Parties that neither CONSULTANT nor SJRA has control over the cost of the labor, materials, or equipment, over a construction contractor's methods of determining bid prices, or over competitive bidding, market, or negotiating conditions. Accordingly, CONSULTANT cannot and does not warrant or represent that bids or negotiated prices will not vary from SJRA's budget for the project or from any estimate of the cost of work or evaluation prepared or agreed to by CONSULTANT.

4.5 With respect to providing Services hereunder, CONSULTANT agrees to meet at the time applicable (i) Equal Employment Opportunity ordinances, rules and regulations, and (ii) Affirmative Action ordinances, rules and regulations.

4.6 CONSULTANT acknowledges and agrees that projects of SJRA may be subject to review and approval by other third parties. Accordingly, as and when requested by SJRA, CONSULTANT shall submit such information and cooperate with the other third parties to the extent necessary to undergo any such review or obtain any such approval.

4.7 CONSULTANT does not represent Work Product to be suitable for reuse on any other project or for any other purpose(s). If SJRA reuses any Work Product without CONSULTANT's specific written verification or adaptation, such reuse will be at the risk of SJRA, without liability to CONSULTANT.

#### **ARTICLE 5 – COST RECORDS**

5.1 CONSULTANT shall maintain records and books in accordance with generally accepted accounting principles and practices. For Services provided by CONSULTANT under cost reimbursable, time and material or unit price Work Orders, during the period of this Agreement and for five (5) years thereafter, CONSULTANT shall maintain records of direct costs for which SJRA is charged. SJRA shall at all reasonable times have access to such records for the purpose of inspecting, auditing, verifying, or copying the same, or making extracts therefrom. SJRA's audit rights for fixed unit rate or time and materials Work Orders shall extend to review of records for the purpose of substantiating man-hours worked, units employed, and third party charges only. Except to the extent audit rights are granted to SJRA by applicable law, SJRA shall have no audit rights with respect to the portion of Work Orders compensated on a lump sum basis.

#### **ARTICLE 6 – OWNERSHIP OF WORK PRODUCT AND TECHNOLOGY**

6.1 All studies, plans, reports, drawings, specifications, cost estimates, software, computations, and other information and documents prepared by CONSULTANT, its subconsultants, subcontractors, and/or suppliers, in connection with Services or any project of SJRA are and shall remain SJRA's property upon creation (collectively, "Work Product") provided, however, that Work Product shall not include pre-existing proprietary information of CONSULTANT, its subconsultants, subcontractors, and/or suppliers ("CONSULTANT Proprietary Information"). To this end, CONSULTANT agrees and does hereby assign, grant, transfer, and convey to SJRA, its successors and assigns, CONSULTANT's entire right, title, interest and ownership in and to such Work Product, including, without limitation, the right to secure copyright registration. CONSULTANT confirms that SJRA and its successors and assigns shall own CONSULTANT's right, title, interest in and to, including without limitation the right to use, reproduce, distribute (whether by sale, rental, lease or lending, or by other transfer of ownership), to perform publicly, and to display, all such Work Product, whether or not such Work Product constitutes a "work made for hire" as defined in 17 U.S.C. Section 201(b). In addition, CONSULTANT hereby grants SJRA a fully paid-up, royalty free, perpetual, assignable, non-exclusive license to use, copy, modify, create derivative works from and distribute to third parties CONSULTANT Proprietary Information in connection with SJRA's exercise of its rights in the Work Product, operation, maintenance, repair, renovation, expansion, replacement, and

modification of projects of SJRA or otherwise in connection with property or projects in which SJRA has an interest (whether by SJRA or a third party). CONSULTANT shall obtain other assignments, confirmations, and licenses substantially similar to the provisions of this paragraph from all of its subconsultants, subcontractors, and suppliers. Work Product is to be used by CONSULTANT only with respect to the project in connection with which such Work Product was created and is not to be used on any other project. CONSULTANT and its subconsultants, subcontractors, and suppliers are granted a limited, nonexclusive, non-transferable, revocable license during the term of their respective agreements under which each is obligated to perform Services to use and reproduce applicable portions of the Work Product appropriate to and for use in the execution of Services. Submission or distribution to comply with official regulatory requirements for other purposes in connection with Services is not to be construed as publication in derogation of SJRA's copyright or other reserved rights. CONSULTANT shall deliver all copies of the Work Product to SJRA upon the earliest to occur of SJRA's request, completion of Services in connection with which Work Product was created, or termination of this Agreement. CONSULTANT is entitled to retain copies of its Work Product for its permanent project records.

6.2 CONSULTANT agrees that all information provided by SJRA in connection with Services shall be considered and kept confidential ("Confidential Information"), and shall not be reproduced, transmitted, used, or disclosed by CONSULTANT without the prior written consent of SJRA, except as may be necessary for CONSULTANT to fulfill its obligations hereunder; provided, however, that such obligation to keep confidential such Confidential Information shall not apply to any information, or portion thereof, that:

- (a) was at the time of receipt by CONSULTANT otherwise known by CONSULTANT by proper means;
- (b) has been published or is otherwise within the public domain, or is generally known to the public at the time of its disclosure to CONSULTANT;
- (c) subsequently is developed independently by CONSULTANT, by a person having nothing to do with the performance of this Agreement and who did not learn about any such information as a result of CONSULTANT's being a party to this Agreement;
- (d) becomes known or available to CONSULTANT from a source other than SJRA and without breach of this Agreement by CONSULTANT or any other impropriety of CONSULTANT;
- (e) enters the public domain without breach of the Agreement by or other impropriety of CONSULTANT;
- (f) becomes available to CONSULTANT by inspection or analysis of products available in the market;
- (g) is disclosed with the prior written approval of SJRA;
- (h) was exchanged between SJRA and CONSULTANT and ten (10) years have subsequently elapsed since such exchange; or
- (i) is disclosed to comply with the Texas Open Records Act or in response to a court order to comply with the requirement of a government agency.

6.3 CONSULTANT shall not be liable for the inadvertent or accidental disclosure of Confidential Information, if such disclosure occurs despite the exercise of at least the same degree of care as CONSULTANT normally takes to preserve and safeguard its own proprietary or confidential information.

6.4 CONSULTANT will advise SJRA of any patents or proprietary rights and any royalties, licenses, or other charges which CONSULTANT knows or should know in the exercise of its Standard of Care impacts any design provided by CONSULTANT in connection with any Services, and obtain SJRA's prior written approval before proceeding with such Services. CONSULTANT shall not perform patent searches or evaluation of claims, but will assist SJRA in this regard if requested, on the basis set forth herein. There will be no charge for CONSULTANT's existing patents.

#### **ARTICLE 7 – INDEPENDENT CONTRACTOR RELATIONSHIP**

7.1 In the performance of Services hereunder, CONSULTANT shall be an independent contractor with the authority to control and direct the performance of the details of Services and its own means and methods. CONSULTANT shall not be considered a partner, affiliate, agent, or employee of SJRA and shall in no way have any authority to bind SJRA to any obligation.

#### **ARTICLE 8 – WARRANTY PERIOD; GUARANTEES**

8.1 If within a period of one (1) year following completion of Services under a Work Order, it is discovered that such Services were not performed in accordance with CONSULTANT's Standard of Care, CONSULTANT shall be obligated to re-perform such Services at its own expense. If CONSULTANT is unable to re-perform such Services as expediently or in the manner required for SJRA's needs, CONSULTANT agrees to pay SJRA's reasonable costs associated with having another consultant perform such corrective services. The obligations of CONSULTANT under this Paragraph 8.1 are in addition to other rights and remedies of SJRA available to it pursuant to this Agreement or applicable law.

8.2 CONSULTANT agrees to assign SJRA the warranty or guarantee of any subconsultant, subcontractor, supplier or manufacturer of items of services, supplies, machinery, equipment, materials, or products provided by CONSULTANT hereunder and cooperate and assist SJRA in SJRA's enforcement thereof. CONSULTANT's responsibility with respect thereto is limited to such assignment, cooperation, and alliance. The representations and warranties of CONSULTANT under this Agreement and Work Orders are made in lieu of any other warranties or guarantees and CONSULTANT makes no other warranties whether expressed or implied, including any warranty of merchantability or fitness for a particular purpose, and CONSULTANT shall have no liability to SJRA based upon any theory of liability that any such other warranty was made or breached.

#### **ARTICLE 9 – INDEMNIFICATION**

***[OPTION 1: USE FOLLOWING SECTIONS 9.1 AND 9.2 FOR PSA WITH ENGINEER OR ARCHITECT --]***

**9.1 TO THE FULLEST EXTENT PERMITTED BY LAW, CONSULTANT SHALL INDEMNIFY AND HOLD HARMLESS SJRA AND ITS BOARD, DIRECTORS, OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES, (COLLECTIVELY, THE "INDEMNITEES"), FROM AND AGAINST CLAIMS, LOSSES, DAMAGES, DEMANDS, SUITS, CAUSES OF ACTION, SETTLEMENTS, LIABILITIES, COSTS, FINES, JUDGMENTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE AND NECESSARY COURT COSTS, EXPERTS' FEES AND ATTORNEY'S FEES) (COLLECTIVELY, "LOSSES"), ARISING IN FAVOR OF OR BROUGHT BY ANY THIRD PARTY, TO THE EXTENT CAUSED BY OR RESULTING FROM AN ACT OF NEGLIGENCE, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT, OR FAILURE TO PAY A SUBCONTRACTOR**

OR SUPPLIER, COMMITTED BY CONSULTANT, ITS AGENT, ITS CONSULTANT UNDER CONTRACT, OR ANOTHER ENTITY OVER WHICH CONSULTANT EXERCISES CONTROL, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY WORK ORDER, EVEN IF SUCH LOSSES ARE CAUSED IN PART BY THE NEGLIGENCE OR FAULT, BREACH OR VIOLATION OF A STATUTE, ORDINANCE, GOVERNMENTAL REGULATION, STANDARD OR RULE OR BREACH OF CONTRACT OF AN INDEMNITEE OR ANY THIRD PARTY UNDER THE CONTROL OR SUPERVISION OF AN INDEMNITEE; PROVIDED, HOWEVER, THAT CONSULTANT'S OBLIGATION TO INDEMNIFY AND HOLD HARMLESS SHALL NOT EXTEND TO THE PORTION (IF ANY) OF SUCH LOSSES THAT ARE CAUSED BY THE NEGLIGENCE OR FAULT, BREACH OR VIOLATION OF A STATUTE, ORDINANCE, GOVERNMENTAL REGULATION, STANDARD OR RULE OR BREACH OF CONTRACT OF AN INDEMNITEE OR ANY THIRD PARTY UNDER THE CONTROL OR SUPERVISION OF AN INDEMNITEE OTHER THAN CONSULTANT OR ITS AGENT OR EMPLOYEE OR SUBCONTRACTORS OF ANY TIER.

9.2 TO THE FULLEST EXTENT PERMITTED BY LAW, AND TO THE EXTENT A DEFENSE IS NOT PROVIDED FOR THE INDEMNITEES UNDER AN INSURANCE POLICY AS REQUIRED UNDER SECTION 11.1(f) HEREOF OR THE INDEMNITEES' ATTORNEYS' FEES ARE NOT OTHERWISE RECOVERED UNDER THE INDEMNITY PROVISION SET FORTH IN SECTION 9.1 HEREOF, CONSULTANT SHALL, UPON FINAL ADJUDICATION OF THE LOSSES AS DEFINED IN SECTION 9.1 HEREOF AND WITHIN THIRTY (30) DAYS FOLLOWING THE DATE OF A WRITTEN DEMAND, REIMBURSE THE INDEMNITEES FOR ALL REASONABLE ATTORNEY'S FEES INCURRED TO DEFEND AGAINST THE LOSSES IN PROPORTION TO CONSULTANT'S LIABILITY TO ANY THIRD PARTY FOR SUCH LOSSES.

**[OPTION 2: USE FOLLOWING SECTION 9.1 FOR PSA NOT WITH AN ENGINEER OR ARCHITECT -]**

9.1 TO THE FULLEST EXTENT PERMITTED BY LAW, CONSULTANT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS SJRA AND ITS BOARD, DIRECTORS, OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES, (COLLECTIVELY, THE "INDEMNITEES"), FROM AND AGAINST CLAIMS, LOSSES, DAMAGES, DEMANDS, SUITS, CAUSES OF ACTION, SETTLEMENTS, LIABILITIES, COSTS, FINES, JUDGMENTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE AND NECESSARY COURT COSTS, EXPERTS' FEES AND ATTORNEY'S FEES) (COLLECTIVELY, "LOSSES"), ARISING IN FAVOR OF OR BROUGHT BY ANY THIRD PARTY, BASED UPON, IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF CONSULTANT'S WILLFUL OR NEGLIGENT ACTS, ERRORS OR OMISSIONS (OR THOSE OF ANY OF ITS SUBCONTRACTORS, SUBCONSULTANTS, OR SUPPLIERS OR ANY OF ITS OR THEIR RESPECTIVE EMPLOYEES OR ANY PARTY FOR WHOM ANY MAY BE LEGALLY LIABLE), UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY WORK ORDER, EVEN IF SUCH LOSSES ARE CAUSED IN PART BY THE NEGLIGENCE OR FAULT, BREACH OR VIOLATION OF A STATUTE, ORDINANCE, GOVERNMENTAL REGULATION, STANDARD OR RULE OR BREACH OF CONTRACT OF AN INDEMNITEE OR ANY THIRD PARTY UNDER THE CONTROL OR SUPERVISION OF AN INDEMNITEE; PROVIDED, HOWEVER, THAT CONSULTANT'S OBLIGATION TO INDEMNIFY AND HOLD HARMLESS SHALL NOT EXTEND TO THE PORTION (IF ANY) OF SUCH LOSSES THAT ARE CAUSED BY THE NEGLIGENCE OR FAULT, BREACH OR VIOLATION OF A STATUTE, ORDINANCE, GOVERNMENTAL REGULATION, STANDARD OR RULE OR BREACH OF CONTRACT OF AN INDEMNITEE OR ANY THIRD PARTY UNDER THE CONTROL OR SUPERVISION OF AN

**INDEMNITEE OTHER THAN CONSULTANT OR ITS AGENT OR EMPLOYEE OR SUBCONTRACTORS OF ANY TIER.**

**ARTICLE 10 – LIMITATION OF LIABILITY**

10.1 Neither Party hereto shall be liable to the other Party or its affiliates for any loss of profit, loss of revenue, loss of use or any other indirect, consequential or special damages excluding fines and penalties levied by a regulatory agency, even if caused by the sole or concurrent negligence of a party, whether active or passive, and even if advised of the possibility thereof.

10.2 Nothing herein shall be construed as creating any personal liability on the part of any board member, any officer, employee, or agent of SJRA.

**ARTICLE 11 – INSURANCE**

11.1 **General Requirements.** CONSULTANT shall, at all times during the performance of Services pursuant to Work Orders issued under this Agreement and for not less than two years after the completion of any Services, provide and require all subconsultants and subcontractors to provide insurance coverage with companies lawfully authorized to do business in Texas and acceptable to SJRA and with forms acceptable to SJRA, which coverage will protect CONSULTANT from claims set forth below which may arise out of or result from CONSULTANT’s Services and operations under this Agreement and any Work Order for which CONSULTANT may be legally liable, whether such Services or operations are by CONSULTANT or a subconsultant or subcontractor of CONSULTANT or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable, and meeting not less than the minimum requirements set forth in this Article 11. Such insurance is to be provided at the sole cost of CONSULTANT and all subconsultants and subcontractors. The terms “subconsultant” and “subcontractor” for the purposes of this Article 11 shall include subconsultants and subcontractors of any tier.

(a) **Kinds of Claims**

- (1) claims under workers’ and workmen’s compensation, disability benefit and other similar employee benefit acts which are applicable to CONSULTANT’s Services to be performed;
- (2) claims for damages because of bodily injury, occupational sickness or disease, or death of CONSULTANT’s employees;
- (3) claims for damages because of bodily injury, sickness or disease, or death of any person other than CONSULTANT’s employees;
- (4) claims for damages insured by usual personal injury liability coverage which are sustained (i) by a person as a result of an offense directly or indirectly related to employment of such person by CONSULTANT, or (ii) by another person;
- (5) claims for damages other than to CONSULTANT’s work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
- (6) claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle;

(7) claims involving contractual liability insurance applicable to CONSULTANT’s indemnification obligations under this Agreement; and

(8) claims for errors and omissions in the provision of professional consulting services of the kind rendered by CONSULTANT pursuant to this Agreement.

(b) **Policies and Minimum Limits of Liability**

<b><u>Kinds of Insurance:</u></b>	<b><u>Limits of Liability*:</u></b>
A. Workers’ Compensation Texas Operations Employer’s Liability	Statutory Bodily Injury by Accident \$1,000,000 Each Accident Bodily Injury by Disease \$1,000,000 Each Employee Bodily Injury by Disease \$1,000,000 Policy Limit
B. Commercial General Liability Including but not limited to: 1. premises/operations 2. independent contractor 3. products and completed operations 4. personal injury liability with employment exclusion deleted 5. contractual	\$2,000,000 General Aggregate \$2,000,000 Products/Completed Operations Aggregate \$1,000,000 Each Occurrence \$2,000,000 Personal and Advertising Injury \$300,000 Fire Damage Liability
C. Professional Liability	\$1,000,000 per claim \$3,000,000 Aggregate
D. Business Automobile Liability Including all Owned, Hired, and Non-owned Automobiles	\$1,000,000 Combined Single Limit Per Occurrence
E. Umbrella Liability	\$1,000,000 Per Occurrence \$1,000,000 Aggregate Bodily Injury and Property Damage

\* Aggregate limits are per 12-month policy period unless otherwise indicated; defense costs shall be excluded from limits of liability of each policy other than Professional Liability Insurance; Commercial General Liability Insurance coverage limits shall be on a per-project basis.

(c) All required insurance shall be maintained with responsible insurance carriers acceptable to SJRA and lawfully authorized to issue insurance of the types and amounts set forth in this Article 11. Carriers should have a Best’s Financial Strength Rating of at least “A-“and a Best’s Financial Size Category of Class VIII or better, according to the most current edition of *Best’s Key Rating Guide, Property-Casualty United States* or be of sufficient size and financial strength as adjudged by SJRA to meet the financial obligations evidenced in the certificate of insurance.

(d) All certificates shall be in a form reasonably acceptable to SJRA and each certificate must state to the extent permitted by Texas Insurance Code Chapter 1811 that the policy may not expire or be cancelled, materially modified, or nonrenewed unless the carrier and/or CONSULTANT gives SJRA thirty (30) days advance written notice. When any required insurance, due to the attainment of a normal expiration date or renewal date, shall expire, CONSULTANT shall, prior to such expiration, supply SJRA with certificates of insurance and amendatory riders or endorsements that clearly evidence the continuation of all coverage in



the same manner, limits of protection, and scope of coverage as is required by this Agreement. Any renewal or replacement policies shall be in form and substance satisfactory to SJRA and written by carriers acceptable to SJRA and meeting the requirements of this Article 11. CONSULTANT shall or shall cause the applicable carrier or carriers to give written notice to SJRA within thirty (30) days of the date on which total claims by any party against insurance provided pursuant to this Article 11 reduce the aggregate amount of coverage below the amounts required by this Article 11. In addition, CONSULTANT shall or shall cause the applicable carrier or carriers to provide SJRA with amendatory riders or endorsements to the Commercial General Liability Insurance policy that specify that the coverage limits apply on a per-project basis.

(e) With respect to all policies required in this Article 11, as soon as practicable prior to execution of this Agreement, CONSULTANT shall deposit with SJRA true and correct original certificates thereof, bearing notations or accompanied by other evidence satisfactory to SJRA that the requirements of this Article 11 are being met. If requested to do so by SJRA, CONSULTANT shall also furnish the originals or certified copies of the insurance policies for inspection including but not limited to copies of endorsements.

(f) All policies of insurance and certificates, with the exception of Professional Liability and Workers' Compensation Insurance, shall name the INDEMNITEES as additional insureds. Without limiting the foregoing, CONSULTANT's Commercial General Liability Insurance policy shall name the INDEMNITEES as additional insureds pursuant to ISO Additional Insured Endorsements CG 20-10-10-01 and CG 20-33-10-01 or their combined equivalents. Further, the CONSULTANT shall provide the INDEMNITEES any defense provided by its Commercial General Liability Insurance policy to the fullest extent allowed by law.

(g) CONSULTANT hereby waives all rights of recovery and damages against the INDEMNITEES to the extent such damages are covered or should have been covered by the insurance obtained or required to be obtained by CONSULTANT under this Agreement. All of CONSULTANT's policies of insurance, with the exception of Professional Liability Insurance, shall include a waiver of subrogation in favor of the INDEMNITEES.

(h) The Parties intend that the CONSULTANT'S insurance shall be primary and non-contributing with respect to any other insurance maintained by SJRA and all policies of insurance obtained by CONSULTANT shall be endorsed to be primary and non-contributing with respect to any other insurance maintained by SJRA.

(i) If any policy required to be purchased pursuant to this Article 11 is subject to a deductible, self-insured retention or similar self-insurance mechanism which limits or otherwise reduces coverage, the deductible, self-insured retention, or similar self-insurance mechanism shall be the sole responsibility of CONSULTANT in the event of any loss and CONSULTANT hereby waives any claim therefore against any INDEMNITEE.

(j) CONSULTANT shall require and cause its subconsultants and subcontractors to purchase and maintain the insurance policies set forth in Paragraph 11.1(b) above with limits of liability commensurate with the amount of each subconsulting or subcontract agreement, but in no case less than \$500,000 per occurrence. CONSULTANT shall provide copies of insurance certificates for all such insurance to SJRA prior to any subconsultant's or subcontractor's performance of any Services.

(k) If CONSULTANT fails to procure or to maintain in force the insurance required by this Article 11, SJRA may secure such insurance and the costs thereof shall be borne by CONSULTANT. CONSULTANT shall reimburse SJRA the cost of such insurance plus ten percent (10%) administrative charge within ten (10) days after billing by SJRA. Any sum remaining unpaid fifteen (15) days after billing by SJRA shall

bear interest at the rate of twelve percent (12%) per annum until paid by CONSULTANT. Except to the extent prohibited by Subchapter C of Chapter 151 of the Texas Insurance Code, CONSULTANT shall defend, indemnify, and hold harmless the INDEMNITEES from and against any and all losses, claims, damages, and expenses (including, without limitations, court costs, costs of defense, and attorney fees), that any INDEMNITEE may incur as a result of CONSULTANT's failure to obtain or cause to be obtained the specific endorsements or insurance required pursuant to this Agreement. Failure of any INDEMNITEE to identify any deficiency in the insurance forms provided shall not be construed as a waiver of CONSULTANT's obligation to maintain such insurance and to cause such insurance to be maintained.

(l) CONSULTANT's compliance with the provisions of this Article 11 shall not be deemed to constitute a limitation of CONSULTANT's liability with respect to claims covered by insurance provided or required pursuant to this Article 11 or in any way limit, modify, or otherwise affect CONSULTANT's obligation under this Agreement or otherwise. The insolvency, bankruptcy, or failure of any insurance company carrying insurance for CONSULTANT or any subcontractor, or the failure of any insurance company to pay claims accruing shall not be held to waive any of the provisions of this Agreement.

(m) If requested by SJRA, CONSULTANT shall furnish or shall cause to be furnished any such other insurance or limits as SJRA may reasonably deem necessary for any Work Order or Orders and the cost thereof shall be charged to SJRA by appropriate modification of any such Order(s).

## **ARTICLE 12 – CHANGES; TERMINATION FOR CONVENIENCE; TERMINATION FOR CAUSE**

12.1 SJRA may, at any time and from time to time, make written changes to Work Orders in the form of modifications, additions, or omissions. In the event that any such change, through no fault of CONSULTANT, shall impact CONSULTANT's compensation or schedule, then (a) such changes shall be authorized by written change order issued by SJRA and accepted by CONSULTANT, and (b) an equitable adjustment shall be made to the Work Order in writing duly executed by both Parties, to reflect the change in compensation and schedule.

12.2 SJRA may for convenience terminate this Agreement, any Work Order issued under this Agreement, or CONSULTANT's right to perform Services under this Agreement or any Work Order by at any time giving seven (7) days written notice of such termination. In such event, SJRA shall have the right but not the obligation to assume all obligations and commitments that CONSULTANT may have in good faith undertaken or incurred in connection with the Services terminated, and SJRA shall pay CONSULTANT, as its sole and exclusive remedy, for Services properly performed to date of termination and for reasonable costs of closing out such Services provided SJRA has pre-approved such costs. CONSULTANT shall not be entitled to lost profit on unperformed Services or any consequential damages of any kind. Upon termination, CONSULTANT shall invoice SJRA for all services performed by CONSULTANT prior to the time of termination which have not previously been compensated. Payment of undisputed amounts in the final invoice shall be due and payable within thirty (30) days after receipt by SJRA and SJRA's receipt of all Work Product.

12.3 This Agreement or any Work Order may be terminated by either Party in the event that the other Party fails to perform in accordance with its requirements and such Party does not cure such failure within ten (10) days after receipt of written notice describing such failure. In the event that SJRA terminates this Agreement or any Work Order for cause, CONSULTANT shall not be entitled to any compensation until final completion of the then ongoing Services and any such entitlement shall be subject to SJRA's right to offset and/or recoup all damages and costs associated with finally completing such Services. If for any reason, CONSULTANT is declared in default and/or terminated by SJRA under any Work Order with SJRA, SJRA shall have the right to offset and apply any amounts which might be owed to SJRA by CONSULTANT

against any earned but unpaid amounts owed to CONSULTANT by SJRA under any Work Order. In the event any Work Order is terminated by SJRA, CONSULTANT shall promptly deliver to SJRA all Work Product with respect to such terminated Work Order.

### **ARTICLE 13 – FORCE MAJEURE**

13.1 Any delay in performance or non-performance of any obligation other than an obligation to make a payment as required under this Agreement or any Work Order, of CONSULTANT contained herein shall be excused to the extent such failure of non-performance is caused by Force Majeure. “Force Majeure” shall mean fire, flood, act of God, earthquakes, extreme weather conditions, epidemic, war, riot, civil disturbance or unrest, imposition of martial law, restrictions imposed by civil authority, loss of control of civil authority, illegal activity, extreme unreliability or failure of the utility infrastructure, failure of the US banking system, loss of access to communication systems, sabotage, terrorism, or judicial restraint, but only to the extent that such event (i) is beyond the control of and cannot be reasonably anticipated by or the effects alleviated by CONSULTANT and (ii) prevents the performance of Services.

13.2 If CONSULTANT is affected by Force Majeure, CONSULTANT shall promptly provide notice to SJRA, explaining in detail the full particulars and the expected duration thereof. Notice will be considered prompt if delivered within five days after CONSULTANT first becomes aware that the event of Force Majeure will affect the performance of Services and the end of the restrictions, if any, on CONSULTANT’s ability to communicate with SJRA. CONSULTANT shall use its commercially reasonable efforts to mitigate the interruption or delay if it is reasonably capable of being mitigated.

### **ARTICLE 14 – SUCCESSORS, ASSIGNMENT AND SUBCONTRACTING**

14.1 SJRA and CONSULTANT bind themselves and their successors, executors, administrators and permitted assigns to the other party of this Agreement and to the successors, executors, administrators and permitted assigns of such other party, in respect to all covenants of this Agreement.

14.2 No right or interest in this Agreement or any Work Order shall be assigned by CONSULTANT or SJRA without the prior written consent of the other Party.

14.3 Prior to commencement of any part of the Services to be provided under any Work Order with respect to which CONSULTANT has elected to subcontract, CONSULTANT will notify SJRA in writing of the identity of the particular subcontractor, subconsultant or supplier CONSULTANT intends to employ for the performance of such part of the Services and the scope of Services it will perform. SJRA shall have the right within twenty-one (21) calendar days of such written notice to disallow CONSULTANT’s employment of any particular subcontractor, subconsultant or supplier, provided that any reasonable additional costs incurred by CONSULTANT as a result of such disallowance shall be borne by SJRA.

### **ARTICLE 15 - SEVERABILITY**

15.1 If any provision or portion thereof of this Agreement or any Work Order is deemed unenforceable or void, then such provision or portion thereof shall be deemed severed from the Agreement or such Work Order and the balance of the Agreement or Work Order shall remain in full force and effect.

### **ARTICLE 16 – LICENSE REQUIREMENTS**

16.1 The CONSULTANT and any subconsultant shall have and maintain any licenses, registrations and certifications required by the State of Texas or recognized professional organizations governing the Services performed under this Agreement and any Work Order.

#### **ARTICLE 17 – ENTIRE AGREEMENT**

17.1 This Agreement and all Work Orders issued under it contain the full and complete understanding of the Parties pertaining to their subject matter and supersede any and all prior and contemporaneous representations, negotiations, agreements or understandings between the Parties, whether written or oral. The Agreement and Work Orders may be modified only in writing, signed by both Parties. Venue shall lie in Montgomery County, Texas.

#### **ARTICLE 18 – GOVERNING LAW**

18.1 This Agreement and Work Orders, and its and their construction and any disputes arising out of, connected with, or relating to this Agreement or Work Orders shall be governed by the laws of the State of Texas, without regard to its conflicts of law principles.

#### **ARTICLE 19 – DISPUTE RESOLUTION**

19.1 In the event of any dispute arising out of or relating to this Agreement, any Work Order or any Services which SJRA and CONSULTANT have been unable to resolve within thirty (30) days after such dispute arises, a senior representative of CONSULTANT shall meet with the General Manager of SJRA at a mutually agreed upon time a place not later than forty-five (45) days after such dispute arises to attempt to resolve such dispute. In the event such representatives are unable to resolve any such dispute within fifteen (15) days after such meeting, either Party may, by written notice to the other, submit such dispute to non-binding mediation before a mutually agreeable mediator. If the Parties are unable to agree upon a mediator within twenty (20) days after such written notice of submission to mediation, the American Arbitration Association shall be empowered to appoint a qualified mediator pursuant to the American Arbitration Association Construction Industry Mediation Rules. If the dispute is technical in nature, the mediator appointed by the American Arbitration Association shall be qualified by at least ten (10) years' experience in construction, engineering, and/or public works operations. The mediation shall be conducted within thirty (30) days of the selection or appointment of the mediator, as applicable. The mediation shall be held at a mutually agreeable location in Montgomery County, Texas. If the Parties are unable to agree on a location, the mediation shall be held at the offices of the American Arbitration Association closest to Conroe, Texas.

19.2 Any dispute arising out of or relating to this Agreement or any Work Order or any Services not resolved pursuant to Article 19.1, shall be resolved, by litigation or mutual agreement of the Parties, binding arbitration conducted pursuant to the Construction Industry Rules of the American Arbitration Association then in effect. Any arbitration shall be final and binding upon the parties and any award rendered therein shall be enforceable by any court of competent jurisdiction

**ARTICLE 20 – CONFIDENTIALITY**

20.1 Neither CONSULTANT nor any of its subconsultants shall publish or release any publicity or public relations materials of any kind concerning or relating to this Agreement, the Services or the activities of SJRA, unless such materials have first been reviewed and approved in writing by SJRA. This provision shall not apply to mandatory reports which CONSULTANT or its subconsultants are required by law to file with governmental authorities.

**IN WITNESS WHEREOF**, the parties have entered into this Agreement as of the day and year herein above first written.

**CONSULTANT:**

**SJRA:**

San Jacinto River Authority

By: \_\_\_\_\_

By: \_\_\_\_\_

Jace A. Houston  
General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

ATTEST:

\_\_\_\_\_

\_\_\_\_\_

## ATTACHMENT A

Compensation terms for cost reimbursable and lump sum Services:

### A.1. COMPENSATION BASED ON COST WITH MULTIPLIER

For professional and non-professional staff, SJRA will compensate CONSULTANT on the basis of a multiplier added to the Raw Salary Cost as shown in the table below for the Scope of Work specified in the Work Order. Professional is defined as a manager, supervisor, engineer, scientist or other recognized profession. Typically, professional employees are salaried exempt employees. Typically, non-professional employees are hourly non-exempt employees. The Raw Salary Cost for salaried employees is defined as the annual base salary excluding bonuses, burdens, and benefits divided by 2080. For hourly personnel, the Raw Salary Cost is defined as the hourly wage paid to the employee exclusive of burdens and benefits. Any shift premiums or premiums paid for hours worked in excess of 40 per week will be added to the base hourly wage and will be considered a part of the Raw Salary Cost.

#### (a) RAW SALARY MULTIPLIERS

X.XX for professional and non-professional staff working at CONSULTANT or its subcontractor, subconsultant, or vendor offices

X.XX for professional and non-professional staff working in the field during construction or at SJRA offices for a minimum period of six (6) consecutive months

X.XX for construction inspectors working in the field

#### (b) EXPENSES

“Billable Expenses” include all costs and expenses directly attributable to performance of the services, which are in good accounting practice direct costs of the Services and not covered by the allowance for payroll burden and general office overhead and profit. Costs of outside services will be charged at actual invoice cost plus ten percent (10%). “Billable Expenses” include: subconsultants; travel expenses to and from locations outside Harris and Montgomery Counties; and copies of all deliverables submitted to SJRA. All Local vehicle use outside Harris and Montgomery Counties will be reimbursed at the current IRS allowable rate with no markup. All other expenses are considered to be covered by the allowance for payroll burden and general office overhead and profit and are non-billable expenses.

### A.2. LUMP SUM COMPENSATION

SJRA will compensate CONSULTANT on the basis of a mutually agreed upon lump sum price for the scope of work specified in the Work Order. SJRA may ask CONSULTANT for a cost estimate for the scope of work prior to issuing the Work Order. The cost estimate will include a summary breakdown showing the labor hours and cost, subconsultant costs, and other direct costs included in the estimate. Labor rates to be used in preparing the estimate will be the actual salary or wage of the employee times the appropriate multiplier specified in A.1 (a) above. CONSULTANT will submit and SJRA will pay monthly invoices based on the mutually agreed upon percentage of the project completed.

**ATTACHMENT B**

This Work Order is issued subject to, is governed by and incorporates by reference that certain Professional Services Agreement, Contract No. \_\_\_\_\_, between SJRA and CONSULTANT effective \_\_\_\_\_, 201\_.

Work Order Date: \_\_\_\_\_

CONSULTANT: \_\_\_\_\_

Type of Compensation: Lump Sum, Cost Plus -Time and Materials with Not-To-Exceed Maximum

Compensation: \_\_\_\_\_

Location of Services: (County): \_\_\_\_\_

Description of Services: \_\_\_\_\_

Deliverables: See Attached.

Schedule Requirements:

Commence Services: \_\_\_\_\_

Completion of Services: \_\_\_\_\_

Submittal Dates for Each Deliverable: See Attached.

Agreed to by:

**SJRA**

By: \_\_\_\_\_

Name: Jace A. Houston

Title: General Manager

and

**[CONSULTANT]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**San Jacinto River Authority  
Raw Water Enterprise Rate Study  
Work Order No. 1**

This Work Order is issued subject to, is governed by and incorporates by reference that certain Professional Services Agreement, Contract No. \_\_\_\_\_, between SJRA and CONSULTANT effective \_\_\_\_\_.

Work Order Date: TBD

CONSULTANT: TBD

Type of Compensation: Lump Sum

Compensation: TBD

Location of Services: Harris and Montgomery Counties, Texas

Description of Services: Rate Consulting Services to develop a Rate Review and Design Study, and Rate Model for the Raw Water Enterprise.

---

Schedule Requirements:

Commence Services: As Directed by SJRA

Completion of Services: TBD

Submittal Dates for Each Deliverable: See Attached.

Agreed to by:

**SJRA**

By: \_\_\_\_\_

Name: Jace A. Houston

Title: General Manager

and

**CONSULTANT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**San Jacinto River Authority  
Raw Water Enterprise Rate Study  
Work Order No. 1**

**SCOPE OF WORK**

**GENERAL**

The San Jacinto River Authority (“SJRA”) desires to have a rate review and design study and rate model development performed to determine the level of required future annual revenue to support the operations, maintenance, repair, rehabilitation and capital improvements of its raw water supply, storage, conveyance, and delivery system (“Raw Water System”). The Study will provide for the review and design of raw water rates to meet those revenue requirements for the ten year period beginning September 1, 2018, and ending August 31, 2028, representing SJRA FY 2019 through FY 2028, and will provide for the development of a rate model suitable to address the identified variables and uncertainties required by SJRA.

**Task 1101 – Project Management**

1. Provide for the management of resources of the Consultant to meet the technical, financial, and schedule requirements of SJRA. This will include the overall management of the project and the various specialized discipline teams responsible for the development of the project.
2. Consultant will participate in a kick-off meeting with SJRA and any designated SJRA Representatives to discuss project expectations, confirm project goals, schedule, and deliverables.
3. All meeting agendas, workshop planning information and handouts, meeting notes, and other applicable information pertaining to each specific meeting/workshop will be developed and distributed by the Consultant.
4. Consultant will disseminate pertinent project information internally and externally, implement QA and QC measures, and submit deliverables as required per project schedule.
  - a. Develop, manage, monitor, update, and coordinate (in coordination with SJRA staff) project schedule throughout the life of the project based on changes or necessary updates.
  - b. Provide written project status reports to SJRA once per month throughout the duration of the project. Project status reports will include, at a minimum, a summary description of activities completed, description of activities planned for the next thirty days, financial status of the Project, status of schedule(s) for the Project, and identification of any technical or other issues which may have an impact to the overall project budget and/or schedule(s). Project status reports will be provided to SJRA with each invoice.
  - c. Consultant will participate in monthly project status meetings (either in person or via conference call) with SJRA and others as necessary to present the detailed status updates of the project's progress and budget, and to discuss any major issues identified. One update meeting may be held in-person at Consultant's office to facilitate Quality Assurance and Quality Control (QA/QC) Audit by SJRA.
5. Consultant will be responsible for monitoring and coordinating with its subconsultants as required to satisfy the project's objectives.

**San Jacinto River Authority  
Raw Water Enterprise Rate Study  
Work Order No. 1**

6. Consultant will perform QA/QC activities as part of its work. Documentation of these activities will be provided with each design deliverable. A QA/QC Audit may be performed by SJRA during one of the scheduled Project Update Meetings. Consultant will cooperate with Auditor by providing access to project related electronic and hard copy files, and shall correct deficiencies noted in audit report provided by Auditor.
7. Consultant shall provide a Document Control Specialist to assist SJRA's designated project Document Control Specialist in the planning, execution, filing, and retrieval of all project documentation during the Project utilizing applicable Project Management Information Systems (PMIS), i.e. SharePoint. Consultant's Document Control Specialist shall attend a meeting (approximately two hours) with SJRA Document Control Specialist to be trained on SharePoint system. SJRA will setup a SharePoint site to be used for this project. Consultant shall utilize this system as a management tool and repository of all data, reports, photographs, letters, memorandums, design documents, construction documents, models, invoices, and other information as directed by SJRA.

*Deliverables:* QA/QC Plan

*Consultant shall submit a QA/QC plan detailing QA and QC measures to be implemented during the project, electronically (.pdf) via SharePoint, within twenty one calendar days of Notice to Proceed.*

Monthly Status Reports

*Monthly Status Reports shall be submitted electronically (.pdf) to SJRA via SharePoint no later than the 10<sup>th</sup> day of every month to coincide with SJRA invoicing requirements throughout the duration of the work order.*

Meeting Agendas, Handouts, and Minutes

*Proposed agendas: Submit one electronic copy (editable version) within three calendar days of meeting. Consultant will provide necessary number of hard copies at in-person meetings.*

*Meeting minutes: Submit draft meeting minutes (electronic editable version) within three calendar days of meeting. Receive SJRA comments. Submit one electronic version (.pdf) via SharePoint of final meeting minutes within three calendar days of receipt of comments to the draft meeting minutes.*

Quality Control Documents

*Submit QC documentation with each design deliverable.*

**Task 1102 – Data Gathering, Compilation and Analysis**

1. Data will be provided to Consultant including, but not necessarily limited to, map(s) of all SJRA raw water assets (systems and facilities); SJRA adopted budget for FY 2017; FY 2018-2027 Project Plan for the Highlands and Lake Conroe Divisions, Raw Water Enterprise and G&A; FY 2018 Budget (plus estimates for next ten years) for the Highlands and Lake Conroe Divisions, Raw Water Enterprise, and G&A; SJRA Raw Water Master Plan; current SJRA Board adopted Raw Water

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Rate Order and policies regarding reserves; FY 2018 staffing plans (plus estimates for next ten years) for the Highlands and Lake Conroe Divisions, Raw Water Enterprise, and G&A; reservation fee estimates; Lake Conroe Division fee schedule and historical budgets, customer water sales and revenue data for FY 2013 thru FY 2017 (as available); projected customer water sales for FY 2019 – 2028; annual financial statements for FY 2013 thru FY 2016; current bond debt service schedules; IRS ruling; and current reserve funding levels. Additional available data will be provided by SJRA based on a written request by the Consultant in an appropriate timeframe, dependent on the type and extent of data requested. Consultant will provide SJRA staff with an initial written data request that should serve to meet all of the rate review and design and model development needs within ten calendar days of effective date of Notice to Proceed. As there could be issues with data relevancy, formatting, or quality that need to be resolved, data coordination will continue until data issues or data gaps are resolved. The timeliness of this data provision can affect the overall schedule of the effort.

2. Compile data, as required, to develop the right data elements or format for use in the rate review and design, and rate model.
3. Analyze data for consistency, anomalies, trends and possible underlying causative factors.

*Deliverables: Written data request*

*Consultant shall submit a written data request to SJRA via SharePoint within ten calendar days of Notice to Proceed.*

*Available Data Memo*

*Consultant shall submit a memo detailing all available data as it relates to this Study. Consultant shall submit five hardcopies and one electronic version (.pdf) via SharePoint of draft memo to SJRA within thirty calendar days of Notice to Proceed. Consultant shall submit five hardcopies and one electronic version (.pdf) via SharePoint of final memo to SJRA within seven calendar days of receipt of comments on draft memo.*

**Task 1103 – Develop Water Accounting and Forecasting**

1. Develop the historical/projected water accounting portion of the model that includes the identification of Raw Water Enterprise customer contractual obligations, and anticipated future raw water needs, to identify demands to be met, and to allow for certain “what-if” forecasting capabilities of the model. Coordinate with SJRA to identify key variables to be provided with flexibility for performing sensitivity analysis.
2. Conduct a workshop with SJRA staff to obtain comments on the water accounting and forecasting portion of the model to confirm projected water demands to be utilized in the ten year rate review and design, and rate model.

*Deliverables: Water Accounting Memo*

*Consultant shall submit a memo detailing the development of the water accounting and forecasting portion of the model, including any assumptions made. Consultant*

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*shall submit five hardcopies and one electronic version (.pdf) via SharePoint of draft memo to SJRA within sixty calendar days of Notice to Proceed. Consultant shall submit five hardcopies and one electronic version (.pdf) via SharePoint of final memo to SJRA within seven calendar days of receipt of comments on draft memo.*

**Task 1104 – Perform Financial Benchmarking**

1. In consultation with SJRA staff, SJRA Bond Counsel and SJRA Financial Consultant/Advisor, review current financial/rate policies and procedures used by SJRA, such as recommended types, amounts and allowed uses of reserves; contributions to each reserve; reservation fees; various debt ratios; and capitalization policies typically used by entities providing regional raw water service and those examined by bond rating agencies, with the goal of identifying whether more appropriate method(s) or funding levels would better serve SJRA and its customers. Where appropriate, alternatives to current practices will be identified and recommendations made to change these policies. These include:
  - a. Debt financing policies. Review and evaluate the current method(s) and practices for financing the Raw Water System's long-term debt. Policies relating to funding sources, bond issuance timing and terms, interest rates, debt service structuring, debt service reserve funding practices (cash, bonds, etc.), debt service coverage requirements, bonding tax-exempt-status (IRS Ruling), and other issues will be reviewed with recommendations provided to enhance these practices, as deemed appropriate.
  - b. Operating, emergency and capital reserves. Review and evaluate all current reserve policies for funding operating (working capital), emergency (contingency), and future capital improvements (major infrastructure repair and replacement) needs. Provide recommendation to SJRA regarding any changes to reserve target levels and annual contributions that better meet the needs of SJRA. Also identify and evaluate the potential for establishment of a reserve for the acquisition of future additional water supplies.
  - c. Rates and charges. Review the raw water rate and charge policies of SJRA to include take or pay provisions, reservation fees, Lake Conroe Division specific revenues, and other miscellaneous fees. Provide recommendations where appropriate to enhance these charge policies for revenue stability, equitability, water conservation incentives, and compatibility with other reservoir owners and raw water providers. The current reservation fee of twenty five percent (25%) of the system rate for raw water will be reviewed to determine if it adequately compensates SJRA for reserving water in the future.
2. In consultation with SJRA staff, identify similarly-situated entities to be benchmarked, not to exceed eight entities. Obtain financial data and policies from each entity, summarize, and present to SJRA staff.
3. Conduct a workshop with SJRA staff to present benchmark data obtained.

*Deliverables: Identify Benchmarking Candidates  
Consultant shall submit list of candidates for benchmarking to SJRA via SharePoint*

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*within thirty calendar days of Notice to Proceed.*

**Benchmark Finding Memo**

*Consultant shall submit a memo detailing all benchmarking findings and results. Consultant shall submit five hardcopies and one electronic version (.pdf) via SharePoint of memo to SJRA within sixty calendar days of Notice to Proceed.*

**Task 1105 – Revenue and Revenue Requirement Determination**

1. Determination of annual revenue and revenue requirements will consist of the development of a ten year financial plan (FY 2019 through FY 2028) for the Raw Water Enterprise. Customer contracts and revenue projections for the Study period will be provided by SJRA by using existing raw water rates based on existing and anticipated growth over the period. Revenue requirement forecasts for the same period will be based on an examination of historical financial reports, operating budgets, and other data such as future project requirements as provided in SJRA’s current ten year Project Plan. A project funding plan will be developed considering the issuance of revenue bonds for specific projects, use of pay-as-you go funds for specific repair and rehabilitation, or other sources. By combining the revenue and revenue requirements projections (operating expenses, pay-as-you-go funding, debt service, etc.), pro forma cash flow analyses of the total Raw Water System operations will be developed. The cash flow analyses developed will provide SJRA with a projection of financial operations and will indicate the timing and magnitude of any needed revenue/rate increases. The financing plan will also address the funding needs for all operating and capital reserves and ability to meet any bond debt service coverage requirements. This portion of the Study will project for the next ten years:
  - a. Major customer and customer-group raw water sales volumes recognizing there may be limited growth expected from the addition of new customers in the Highlands; however, phased growth may occur in the Lake Conroe Division related to the Groundwater Reduction Plan (GRP) supplying treated surface water to customers in Montgomery County.
  - b. Forecast of revenues under existing and approved rates including income from other sources. Other income sources such as Lake Conroe dock/commercial licensing fees, City of Houston reimbursable costs, and other miscellaneous income will be reflected as appropriate.
  - c. Operation and maintenance expense forecasts will include personnel costs, material and supplies, contractual services (i.e. power and chemicals), and other requirements. The need to incorporate anticipated additional staffing that affects the operating divisions will be provided to SJRA by the Consultant.
  - d. Separation of the Lake Conroe Division into four areas - O&M, On-Site Sewage Facility (OSSF), Dock/Commercial Licensing, and Aquatic Plant Management will be provided to track the various funding sources used to pay for each respective portion of SJRA's budget.
  - e. Summarization of a ten year project plan including items classified as capital and non-capital expenditures. Alternative capital financing plans based upon available funding sources,

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issuance of new bonds, use of annual revenues, and other potential sources will be evaluated and developed. Bond issuance costs and funding of any required bond reserves will be addressed.

- f. Estimated future debt service payments for financing of major capital improvement needs.
  - g. Routine annual maintenance (repair and replacement) expenditures.
  - h. Evaluation of any other cash obligations of the Raw Water Enterprise to include, if applicable, transfer payments or obligations to be met from current General Fund activities.
  - i. Forecasted cash flow statements for the Raw Water Enterprise (combined Highlands and Lake Conroe Divisions, including pertinent G&A) summarizing all revenue and revenue requirements to indicate the adequacy or deficiency of current revenues to fund operations under various assumptions for growth and capital improvements. The timing and magnitude of any future revenue/rate increases will be determined.
  - j. Funding for all operating (working capital), emergency-contingency and capital reserve accounts to reflect related current or updated policy criteria.
  - k. Ability to meet bond debt service coverage tests on an annual basis and for issuance of parity bonds.
2. Conduct workshop with SJRA staff to discuss findings.

*Deliverables:* **Incorporate Results in Model and Report**

*Consultant shall incorporate the results and findings of the efforts described in this task in the Financial Planning Model (see Task 1107) and the Rate Study Results and Recommendations Report (see Task 1109) after agreement of the results and findings with SJRA staff during workshop (similar to Task 1106 Deliverable).*

**Task 1106 – Rate Design**

1. The cost of service analysis developed in the preceding task will serve as the basis for evaluating the adequacy of SJRA's existing rates and will be used to determine the extent to which rates should be modified. Existing customer contract provisions will be recognized in this process. Proposed schedules of raw water rates will be developed that recover overall revenues in a practical manner from all customers served and that meet other SJRA policy objectives. The rate design task will consider and include:
  - a. Review of current rate structures and forms for applicability to meet SJRA policy objectives for revenue adequacy, fairness and equitability, incentives for water conservation, contract compliance, etc. The Consultant will provide recommendations to change rate structures, where appropriate, to enhance the assessment of charges to better meet SJRA's objectives.
  - b. The Consultant will provide a schedule of proposed charges that recover appropriate revenue levels and address SJRA rate structuring policy requirements including, but not necessarily limited to:

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- i. Industrial, municipal, and irrigation take-or-pay rates based on single system charge for all customers.
    - ii. Reservation fee - minimum charge or readiness to serve charges.
    - iii. Lake Conroe Division specific fees adequate to recover current and projected non-operations and maintenance expenses.
  - c. Provide a comparison of typical customer bills (both numerically and graphically) under existing and proposed rates at varying levels of usage to illustrate the rate impact that would result from the design of new rates.
  - d. Provide a comparison of revenues produced under existing and proposed rates with assigned cost of service to demonstrate the degree of equitability (over/under charge) resulting from the design of revised rates.
2. Conduct workshop with SJRA staff to discuss findings.

*Deliverables: Incorporate Results in Model and Report  
Consultant shall incorporate the results and findings of the efforts described in this task in the Financial Planning Model (see Task 1107) and the Rate Study Results and Recommendations Report (see Task 1109) based on agreement by SJRA during workshop.*

**Task 1107 – Develop Raw Water Rate Model**

1. Using the information and guidance developed in prior Tasks 1101-1106, develop a fully linked Excel spreadsheet-based “what-if” financial planning model that will allow SJRA to assess the effects of changes in various planning or financial assumptions and assess their impacts upon needed revenue requirements, rates and rate design over a ten year future planning period.
2. Coordinate closely with SJRA staff who will serve as SJRA internal model operator(s).
3. Organize the model into a logical series of linked, fully-editable intuitive worksheets that identify historical and projected: (a) customer base, service demands, source of supplies, and capacity surplus/deficit status, (b) project plans, (c) program capital and operating expenses, (d) rate and non-rate revenues, (e) reserve fund accounting, (f) income statements (cash flow projections) and financial performance indicators. It would be preferable for input to be provided from a single input worksheet. Also, it would be preferable to have the ability to incorporate changes to the rate at any point within a fiscal year.
4. Develop a series of intuitive, printable tables and graphs within each worksheet that each encompass a logical planning or financial step.
5. Color code various cells as to user-changeable inputs and assumptions, historical data, and formulas.
6. Provide for full editing of the model so that SJRA can amend the model, as needed, over time.

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7. To provide for an easier updating of the model from year-to-year, develop an import worksheet to receive large blocks of data that are obtained from other sources. Various tables in the model will then read this imported data into the appropriate row and column of the working portions of the model, so as to maintain the model's tabular structure without extensive editing.
8. Provide for internal Consultant Quality Control review of the model's logic, structure and calculations.
9. Provide for a one day Model Operating Training Session to facilitate transfer and use of the model by SJRA staff, and two eight hour follow-up sessions within the twelve months following initial delivery of the model.

*Deliverables: Financial Planning Model*

*Consultant shall submit draft model (Excel format) to SJRA electronically via SharePoint within ninety calendar days of Notice to Proceed. Consultant shall submit final model (Excel format) to SJRA electronically via SharePoint within one hundred thirty-five calendar days of Notice to Proceed.*

**Task 1108 – Develop 10 Year Forecast and Rate Recommendations**

1. Using information from the previous tasks, develop a draft of the recommended ten year forecast and associated rates needed to meet revenue requirements and financial performance targets.
2. Conduct a workshop with SJRA staff, SJRA Bond Counsel and SJRA Financial Consultant/Advisor to exercise the model, change assumptions, examine alternatives, and identify a final recommended financial plan with anticipated rates for raw water.
3. Review rate recommendations with delegates from SJRA Board of Directors' Finance Committee.
4. Make presentations to the full SJRA Board of Directors.
5. Make model revisions or adjustments as needed.

*Deliverables: Incorporate Results in Report*

*Consultant shall incorporate the results and findings of the efforts described in this task in the Rate Study Results and Recommendations Report (see Task 1109).*

**Task 1109 – Rate Study Results and Recommendation Report**

1. Develop draft report documenting the planning process and issues evaluated, data sources, key assumptions, the model features and the final recommendations.
2. Review SJRA staff comments and make appropriate revisions.
3. Develop and submit final written report.
4. Develop and submit a draft Model Users' Manual that will describe; (a) the model's features, structure, and linkages; (b) a description of each worksheet and table discussing inputs to the table, key calculations, outputs of the table and their use by other portions of the model, and (c) various



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issues related to running scenarios, interpreting results, archiving model versions, and updating the model.

5. Review SJRA staff comments and make appropriate revisions.
6. Develop and submit final Model Users' Manual.

*Deliverables:* Rate Study Results and Recommendations Report

*Consultant shall submit ten hardcopies and one electronic version (.pdf) via SharePoint of draft report to SJRA within one hundred thirty-five calendar days of Notice to Proceed. Consultant shall submit five hardcopies and one electronic version (.pdf) via SharePoint of final report to SJRA within two hundred ten calendar days of Notice to Proceed.*

Model Users' Manual

*Consultant shall submit ten hardcopies and one electronic version (.pdf) via SharePoint of draft manual to SJRA within one hundred thirty-five calendar days of Notice to Proceed. Consultant shall submit five hardcopies and one electronic version (.pdf) via SharePoint of final manual to SJRA within two hundred ten calendar days of Notice to Proceed.*