



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Agreement with EES Consulting of Kirkland, Washington for Electric Utility Rate Study Services and Appropriating Funds (\$78,560)

MEETING DATE: January 15, 2014

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing City Manager to execute agreement with EES Consulting of Kirkland, Washington for Electric Utility Rate Study Services and appropriating funds in the amount of \$78,560.

BACKGROUND INFORMATION: On October 31, 2013, the Electric Utility (EU) issued a Request for Proposals (RFP) for utility rates study services including development of a 10-year financial planning model and completion of a cost of service analysis, including retail rate design.

With more than five years since a comprehensive EU rate review has been completed, it has become necessary to review and ensure that revenues of the EU are sufficient to meet current and future debt service coverage and reserve requirements and that system revenues are at adequate levels to ensure the operation, maintenance and capital improvement of a safe and reliable distribution system.

In addition, it has become necessary to review the financial impact of ever increasing unfunded State mandates with respect to Renewables Portfolio Standards (RPS) and demand side management programs, including customer installed solar.

The proposed scope of work includes a two-phase approach with Phase I resulting in a 10-year financial model to be completed by April 2014. Phase II will include a cost of service analysis and retail rate design, to be completed by July 2014.

EES Consulting was one of seven firms responding to the RFP and the most qualified candidate selected after interviewing four of the highest ranked respondents. EES has successfully performed similar work for the City of Roseville and City of Glendale.

FISCAL IMPACT: Additional funds required from Electric Utility Operating Fund Balance.

FUNDING AVAILABLE: Electric Utility Operating Fund (160.3205) \$78,560
An appropriation adjustment form is attached.

APPROVED:

A handwritten signature in black ink, appearing to read "Konradt Bartlam".
Konradt Bartlam, City Manager

Adopt Resolution Authorizing City Manager to Execute Agreement with EES Consulting of Kirkland, Washington for Electric Utility Rate Study Services and Appropriating Funds (\$78,560)

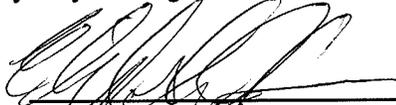
January 15, 2014

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Jordan Ayers

Deputy City Manager/ Internal Service Director



Elizabeth A. Kirkley

Electric Utility Director

PREPARED BY: Melissa Price, Rates & Resources Manager

EAK/MCP/lst

AGREEMENT FOR PROFESSIONAL SERVICES

ARTICLE 1 PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on _____, 2014, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and EES Consulting, a corporation (hereinafter "CONTRACTOR").

Section 1.2 Purpose

CITY selected the CONTRACTOR to provide the services required in accordance with attached Scope of Services, Exhibit A, attached and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for Electric Utility Rate Study Services (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

ARTICLE 2 SCOPE OF SERVICES

Section 2.1 Scope of Services

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

Section 2.2 Time For Commencement and Completion of Work

CONTRACTOR shall commence work pursuant to this Agreement, upon receipt of a written notice to proceed from CITY or on the date set forth in Section 2.6, whichever occurs first, and shall perform all services diligently and complete work under this Agreement based on a mutually agreed upon timeline or as otherwise designated in the Scope of Services.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be counted against CONTRACTOR's contract performance period. Also, any delays due to weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall

remain in contact with reviewing agencies and make all efforts to review and return all comments.

Section 2.3 Meetings

CONTRACTOR shall attend meetings as may be set forth in the Scope of Services.

Section 2.4 Staffing

CONTRACTOR acknowledges that CITY has relied on CONTRACTOR's capabilities and on the qualifications of CONTRACTOR's principals and staff as identified in its proposal to CITY. The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONTRACTOR of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel at CITY's sole discretion and shall be notified by CONTRACTOR of any changes of CONTRACTOR's project staff prior to any change.

CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein. CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals, and shall indemnify, defend and hold harmless CITY against any costs associated with such licenses, permits, qualifications, insurance and approvals which may be imposed against CITY under this Agreement.

Section 2.5 Subcontracts

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

Section 2.6 Term

The term of this Agreement commences on February 1, 2014, and terminates upon the completion of the Scope of Services or on February 1, 2015, whichever occurs first.

ARTICLE 3
COMPENSATION

Section 3.1 Compensation

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of the Fee Proposal, attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Method of Payment

CONTRACTOR shall submit invoices for completed work on a monthly basis, or as otherwise agreed, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the Scope of Services said work is attributable. CONTRACTOR's compensation for all work under this Agreement shall not exceed the amount of the Fee Proposal.

Section 3.3 Costs

The Fee Proposal shall include all reimbursable costs required for the performance of the Scope of Services. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved in advanced and in writing, by CITY.

Section 3.4 Auditing

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4
MISCELLANEOUS PROVISIONS

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 ADA Compliance

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Section 4.3 Indemnification and Responsibility for Damage

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, loss, or expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence of the City of Lodi or its officers or agents.

Section 4.4 No Personal Liability

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

Section 4.5 Responsibility of CITY

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

Section 4.6 Insurance Requirements for CONTRACTOR

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

Section 4.7 Successors and Assigns

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

Section 4.8 Notices

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY: Lodi Electric Utility
 1331 S. Ham Lane
 Lodi, CA 95242
 Attn: Melissa Price

To CONTRACTOR: EES Consulting
 570 Kirkland Way, Ste 100
 Kirkland, WA 98033
 Attn: Anne Falcon

Section 4.9 Cooperation of CITY

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

Section 4.10 CONTRACTOR is Not an Employee of CITY

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

Section 4.11 Termination

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase.

Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit B to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

Section 4.12 Confidentiality

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

Section 4.14 City Business License Requirement

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

Section 4.15 Captions

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

Section 4.16 Integration and Modification

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

Section 4.17 Contract Terms Prevail

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 Severability

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

Section 4.19 Ownership of Documents

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

Section 4.20 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

RANDI JOHL-OLSON
City Clerk

KONRADT BARTLAM
City Manager

APPROVED AS TO FORM:
D. STEPHEN SCHWABAUER, City Attorney
JANICE D. MAGDICH, Deputy City Attorney

By:  _____

By: _____
ANNE FALCON
Managing Director

Attachments:
Exhibit A – Scope of Services
Exhibit B – Fee Proposal
Exhibit C – Insurance Requirements

Funding Source: 160603.7323

CA:rev.07.2013

Exhibit A: Scope of Services

Project Management

Our experience working on cost of service and rate studies for numerous publicly-owned utilities has shown us that the key to success is a well-conceived, carefully controlled management/communications plan that emphasizes leadership, responsiveness, communication, and accountability. For this Project clearly defined communication protocols and roles and responsibilities is critical.

EES's project management approach involves detailed planning of the content and flow of all tasks and work activities and timely, consistent decision-making. Our primary goal is to deliver a work product that meets LEU's needs, has been produced efficiently, and represents a technically sound document.

The most crucial activities – those that will dictate the success or failure of a project – are planned during the kickoff phase. We will work with LEU staff to prepare a solid work plan and schedule, a communication protocol, and a clear path to project delivery during this kickoff phase. EES will provide LEU staff with monthly updates of the project progression and EES senior staff is always available to answer questions or provide additional support as needed.

The scope of work for this project has been developed based on the RFP and EES's experience developing financial plans and rate studies for publicly owned utilities. The following narrative summarizes the study analysis and results to be provided to each utility.

Phase I

The objective of this task is to develop a ten year revenue requirement model through 2023 that can be used to model different financial scenarios and can be used as a decision tool by LEU going forward. This model will be developed in excel and will be an easy to use, logical and based on LEU's financial reporting format. Training will be provided on this model so LEU can use the model for future financial planning.

The first step for this phase is to hold a kick-off meeting to address key issues and focus areas to be modeled in the revenue requirement model. The project goals and utility objectives will also be discussed at this initial project kickoff meeting. A data request will be provided to the utility prior to the meeting and a process to obtain the information necessary to complete the study will be developed.

LEU's historic financial and load data will be reviewed, and a summary of historic trends will be provided to LEU. Next, EES will discuss with Staff expected changes and differences from historic trends that will need to be incorporated into the financial model. LEU's historic and forecast load and customer count will be reviewed and incorporated into the revenue requirement model. The historical records and expected growth rates will be used to forecast loads and future revenues from current rates by customer class.

The utility's financial records will be analyzed to evaluate the current and budgeted system revenues from current rates and resources available to finance the forecast revenue requirement for the desired test period. The utility's current and projected power supply costs will be determined based on the load forecast and resource portfolio. A detailed analysis of power supply cost drivers will be performed to ensure proper classification and allocation of all power supply costs to customer classes.

The cost of power supply and transmission expenses, other operation and maintenance expenses, taxes, debt service expenses, capital improvements funded from revenues, reserve fund requirements and all other necessary costs associated with the operation of the utility's system will be analyzed to determine the annual revenue requirement for each year of the study period. A review of LEU's reserve requirement policy and current balances will be performed. A recommendation of industry standard reserve levels given LEU's risk profile will be performed and presented.

In addition, different financing plans for major capital improvements will be developed, including additional debt and cash requirements. The impact of projected revenues and expenses for each scenario on the utility's debt-related financial ratios will be determined. If the financial targets are not met, deficiencies in revenues will be identified and the resulting needed rate increase will be identified.

Projected revenues will be compared to the annual revenue requirement (total expenses) to identify the need for a rate adjustment to existing monthly rates and charges. If necessary, a plan can be developed to phase-in rate changes over time, should large adjustments be required.

Proposed Scope for Phase II

Following the acceptance of the Revenue Requirement report and authorization to proceed with Phase II, the next phase is the development of a Cost of Service and Rate Design study (COSA). The COSA study must be developed based on generally accepted cost allocation principles; however, there are many considerations to incorporate into actual rate design. It is therefore important to start the COSA process with a strategy session with LEU staff to ensure LEU's goals and policy considerations are incorporated into the analysis. At this meeting issues such as LEU's billing system, regulatory constraints and other unique circumstances will be discussed.

A COSA study allocates the costs of providing utility service to the various customer classes served by the utility based upon the cost-causal relationship associated with specific expense items. This approach is taken to develop a fair and equitable designation of costs to each customer class where customers pay for the costs that they incur. Because the majority of costs are not incurred by any one type of customer, the COSA becomes an exercise in spreading joint and common costs among the various classes using factors appropriate to each type of expense.

The study starts with a review of the appropriate number of rate classes, based on the character of service provided, to ensure the proper rate classes are being considered. Next, a review of the planning, design, and operational data for the system will be discussed with LEU staff to determine the facilities in place and how each rate class benefits from and uses these facilities. This information may be used for direct assignments to a specific rate class where appropriate.

In the COSA, costs will be functionalized by itemizing plant investments and related expenses by the following functions: production, transmission, distribution, customer services, and administrative and general (A&G). Additional functionalization categories can be added if desired by LEU. Costs will be classified to determine whether each individual plant investment or cost was incurred to meet a customer's demand, energy or customer related need. Distribution costs will be classified based on both a minimum system analysis and 100% demand methodology unless one method is preferred by LEU. Finally, costs will be allocated to the utility's rate classes by developing allocation factors based on customer information, historic load data and projected usage by rate class. Where data is not available, EES will work with LEU staff to obtain data that may be applicable to the LEU service area. For example, LEU may have hourly metered substation data that can be used to approximate load factors and coincident factors for some customer classes.

Average unit costs by functional category will be provided based on the allocated costs and billing determinants developed for each rate class. EES's COSA model keeps all costs unbundled throughout the COSA process. The average unit costs represent cost of service rates and can be used as an input in the rate setting process. Any subsidies that may exist between rate classes will be identified in this task and addressed before starting any rate design.

For this study, rate options based on LEU's current rates, rate changes needed through 2023, the COSA results, industry practice and the impact to customers both interclass and intra-class will be developed for review by LEU staff. Bill comparisons will be developed based on current rates, proposed rates and rates currently in place by competitors.

Meetings and Presentations

EES will present results and make recommendations to the utility's management staff and policymakers, as desired. Included in the estimated budget are one kick-off meeting for each phase and two additional meetings for Phase I and three additional meeting in Phase II to either meet with staff or present findings to Council.

Deliverables

A draft report with the results of the Revenue Requirement analysis (Phase I report) will be provided after the preliminary Revenue Requirement analysis is finalized. This report includes a summary of the historic loads, revenues and expenses, a description of assumptions made in the revenue requirements analysis and a summary of the scenarios modeled and the potential rate impact of each scenario. Once LEU has reviewed the draft report, EES will incorporate any comments or suggestions into a final report.

A draft report with the results of the COSA and Rate design study (Phase II report) will be provided after the preliminary COSA analysis is finalized. Once LEU has reviewed the draft report, EES will incorporate any comments or suggestions into a final report.

The revenue requirement model, COSA model, the rate design model and all other analysis and work papers will be provided to LEU with the final report. These models will become the property of LEU and may be used for any purpose. In addition, 8 hours of training is included in the budget for both Phase I and Phase II. EES has successfully worked with several clients to ensure they can continue to use our models for future financial and rate planning.

Exhibit B – Cost Proposal

Scope	Estimated Hours	Cost by Task
Phase I – Financial Model (Revenue Requirement)		
Subtask 1: Kickoff Meeting	16	\$ 2,960
Subtask 2: Data Gathering, Load Analysis, Revenue	58	\$ 9,420
Subtask 3: Revenue Requirement Modeling	74	\$12,580
Subtask 4: Financial Scenario Modeling	55	\$10,050
Subtask 5: Meetings and Report	28	\$ 4,720
Total Labor		\$39,730
Not to Exceed Expense		\$ 2,800
SUBTOTAL PHASE I		\$42,530

Scope	Estimated Hours	Cost by Task
Phase II – Rate Study (Cost of Service/Rate Design)		
Subtask 1: Kickoff Meeting	16	\$ 2,960
Subtask 2: Data Gathering	42	\$ 6,700
Subtask 3: COSA	40	\$ 7,400
Subtask 4: Rate Design	60	\$11,000
Subtask 5: Meetings and Report	28	\$ 4,720
Total Labor		\$32,780
Not to Exceed Expense		\$ 3,250
SUBTOTAL PHASE II		\$36,030

Exhibit C



Insurance Requirements for Consultant The Consultant shall take out and maintain during the life of this contract, insurance coverage as listed below. These insurance policies shall protect the Consultant and any subcontractor performing work covered by this contract from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from Consultant's operations under this contract, whether such operations be by Consultant or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

1. **COMPREHENSIVE GENERAL LIABILITY**
\$1,000,000 Ea. Occurrence
\$2,000,000 Aggregate
2. **COMPREHENSIVE AUTOMOBILE LIABILITY**
Proof of coverage with limits not less than \$1,000,000 combined single limit
3. **PROFESSIONAL ERRORS AND OMISSIONS**
Not less than \$1,000,000 per Claim.

NOTE: Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section 810 et seq.).

NOTE: (1) The street address of the **CITY OF LODI** must be shown along with (a) and (b) above: 221 West Pine Street, Lodi, California, 95241-1910; (2) The insurance certificate must state, on its face or as an endorsement, a description of the project that it is insuring.

A copy of the certificate of insurance with the following endorsements shall be furnished to the City:

- (a) **Additional Named Insured Endorsement**
Such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed Boards, Commissions, Officers, Agents, Employees, and Volunteers as additional named insureds.

(This endorsement shall be on a form furnished to the City and shall be included with Contractor's policies.)
- (b) **Primary Insurance Endorsement**
Such insurance as is afforded by the endorsement for the Additional Insureds shall apply as primary insurance. Any other insurance maintained by the City of Lodi or its officers and employees shall be excess only and not contributing with the insurance afforded by this endorsement.
- (c) **Severability of Interest Clause**
The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.
- (d) **Notice of Cancellation or Change in Coverage Endorsement**
This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 W. Pine St., Lodi, CA 95240.

Compensation Insurance The Contractor shall take out and maintain during the life of this contract, Worker's Compensation Insurance for all of Contractor's employees employed at the site of the project and, if any work is sublet, Contractor shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in hazardous work under this contract at the site of the project is not protected under the Worker's Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 W. Pine St., Lodi, CA 95240. A Waiver of Subrogation is required for Workers' Compensation insurance.

NOTE: No contract agreement will be signed nor will **any** work begin on a project until the proper insurance certificate is received by the City.

RESOLUTION NO. 2014-07

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE
CITY MANAGER TO EXECUTE AN AGREEMENT FOR ELECTRIC
UTILITY RATE STUDY SERVICES AND APPROPRIATE FUNDS

=====

WHEREAS, on October 31, 2013, the Electric Utility (EU) issued a Request for Proposals (RFP) for utility rate study services including development of a ten-year financial planning model and completion of a cost of service analysis, including retail rate design; and

WHEREAS, it has become necessary to review and ensure that revenues of the EU are sufficient to meet current and future debt service coverage and reserve requirements and that system revenues are at adequate levels to ensure the operation, maintenance, and capital improvement of a safe and reliable distribution system; and

WHEREAS, it has become necessary to review the financial impact of ever increasing unfunded State mandates with respect to Renewables Portfolio Standards (RPS) and demand side management programs, including customer installed solar; and

WHEREAS, the proposed scope of work includes a two-phase approach with Phase I resulting in a ten-year financial model to be completed by April 2014 and Phase II including a cost of service analysis and retail rate design, to be completed by July 2014; and

WHEREAS, EES Consulting was one of seven firms responding to the RFP and the most qualified candidate selected after interviewing four of the highest ranked respondents.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute an agreement with EES Consulting of Kirkland, Washington, for EU rate study services; and

BE IT FURTHER RESOLVED that funds in the amount of \$78,560 be appropriated for this Agreement from the Electric Utility Operating Fund (160.3205).

Dated: January 15, 2014

=====

I hereby certify that Resolution No. 2014-07 was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 15, 2014, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Johnson, Mounce, Nakanishi, and
Mayor Katzakian

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL-OLSON
City Clerk