

**CITY OF MORRO BAY**

**REQUEST FOR PROPOSAL (RFP)**

**FOR**

**Comprehensive Fee Study  
Full Cost Allocation Plan  
And Optional Development Impact Fee Study**



PROPOSALS MAY BE  
MAILED OR DELIVERED IN  
PERSON TO THE  
CITY OF MORRO BAY  
Attn: Jennifer Callaway  
AT 595 Harbor Street, Morro Bay, CA 93442

RFP RELEASE DATE: April 13, 2018

PROPOSALS MUST BE RECEIVED BY 4:00  
P.M. (Verizon Time) ON THE DATE INDICATED  
BELOW:  
May 11, 2018

**CITY OF MORRO BAY**  
**COMPREHENSIVE FEE SCHEDULE AND FULL COST ALLOCATION PLAN**  
**REQUEST FOR PROPOSALS**

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## **INTRODUCTION**

The City of Morro Bay (City) is requesting sealed proposals for a Comprehensive Fee Study and Full Cost Allocation Plan. All proposals must be received by the City, no later than 4:00 pm on Friday, May 11, 2018. Late proposals will not be considered. The original signed proposal and six (6) duplicates are to be submitted in sealed packages with the name of the Consultant and Proposal for Comprehensive Fee Study and Cost Allocation Plan clearly marked on the outside of the package.

Proposal must be responsive to the City's request. The City shall determine the most responsive and qualified consultant providing the best service at the most reasonable cost. Cost alone shall not be the determinative factor.

The request for proposals does not obligate the City to award a contract or complete the project and the City reserves the right to cancel the solicitation if deemed in its best interest. There is no expressed or implied obligation for the City to reimburse respondents for any expenses incurred in preparing proposals in response to this Request for Proposals (RFP), including any expenses incurred due to participation in this RFP process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that firm is ultimately selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the subsequent contract between the City and the firm selected.

The City wishes to negotiate a fixed price contract with a "not to exceed" dollar total based on a clearly defined scope of work.

## **BACKGROUND**

The City of Morro Bay, population 10,762, is nestled on the Central Coast of California and is a prime hub City at the crossroads of Highway 1 and Highway 41. Just 12 miles north of San Luis Obispo.

The City is a general-law City that operates under a Council-Manager form of government, with a five-member City Council comprised of four Council Members elected at large with overlapping terms of four years and a Mayor elected at Large for a term of two years. The City Council appoints the City Manager and City Attorney. The City is divided into departments that provide a full range of municipal services, including police, fire, public works, community development, administration, Harbor, Water, Sewer and operates a Wastewater Treatment Plant. Information regarding the City and its organization, such as governmental structure, services provided, the Current Operating and Capital Budgets, Annual Financial Reports, and the most recent Comprehensive Fee Schedule, is available on the City website at [www.morrobayca.gov](http://www.morrobayca.gov)

In 2018 the City Council of the City of Morro Bay affirmed the City's Goals. City Goal #1 is Financial Sustainability and Economic Sustainability, item d – "Evaluate opportunities for new or expanded revenue sources including, but not limited to, paid parking, other tax measures and a review of City fees"

Keeping the City's Goal of Financial Sustainability and Economic Sustainability in mind, the purpose of the requested study is to ensure the City utilizes overhead rates that accurately account for the true cost of providing various services, and to assess appropriate fees and rates that will allow the City to recover the actual costs incurred for fee and impact related services.

The last Cost Allocation Plan Update was completed in 2009 and the last Fee Study update was completed in 2006/07.

The City requests proposers submit an additional optional "add-on" proposal and cost to include a Development Impact Fee analysis. This "add-on" option should be clearly labeled as Option A – Development Impact Fee Study and include the required components as outlined later in this RFP.

## **OBJECTIVE**

The objective of the RFP is to receive proposals for a Comprehensive User Fee Study and Full Cost Allocation Plan that includes reviewing and updating all fees and charges for services, recommending additional fees, providing a full cost allocation plan for every department of the City with overhead calculations for cost recovery. Additionally, consultants are invited to provide an "add-on" proposal to review and recommend revisions to Development Impact Fees.

### **Comprehensive User Fee Study**

The City is seeking to evaluate all cost of services provided and examine whether a reasonable relationship exists between the cost of providing services and current service fees, while ensuring compliance with Proposition 26, Proposition 218, and other applicable statutory requirements. The City desires to undertake a comprehensive citywide review and evaluation of user fee and rate charges resulting in a cost-based user fee study. The Comprehensive Fee Study will calculate the full 100% cost of providing certain City services and provide a recommended fee to be charged for each applicable service. The firm shall recommend cost recovery strategies and identify best practices in establishing user fees. These strategies should take into consideration the complexities and demands of each department and program. The selected firm will provide thorough analysis, development of fee models and recommendations including, identifying and recommending new fees and revenue sources. It is the City's goal to have a well-documented and legally-defensible cost of service plan that will identify rates that will be used to recover billable costs for services and develop user fees that comply with Proposition 26, Proposition 218

and other applicable statutory requirements. A survey comparison of rates and fees with similar cities is required.

### **Full Cost Allocation Plan**

The purpose of this project is to ensure that the City of Morro Bay has a basis of applying comprehensive overhead rates and is accurately accounting for the true cost of providing various services by department. A Cost Allocation Plan allocates all direct and indirect costs between funds, as appropriate. Additionally, best practices, accounting standards and EMB 2 CFR part 225 make it necessary for the City to maintain a well-documented cost allocation plan to appropriately allocate general and administrative costs in its budget; properly identify overhead rates that can be used in the calculation of billable hourly rates for federal and state grants, user fees, and reimbursements from other governmental agencies. The results from the Cost Allocation Plan shall be used to develop the Comprehensive Fee Study.

### **Option A – Development Impact Fee Study**

The City has several development impact fees, with a fee study most recently updated in 2006/07 and increased annually based on the ENR Construction Cost Index. The City's current development impact fees are available as part of the City's FY 2017/18 Comprehensive Fee Schedule which can be found at <http://morrobayca.gov/DocumentCenter/View/10853>. In addition, the City has several planning documents that may be helpful in developing the impact fee study:

- General Plan
- Zoning Ordinance
- Comprehensive Fee Schedule – FY 2017/18

The City's impact fee program must comply with the Mitigation Fee Act (California Government Code Section 66000 et seq., also known as Assembly Bill 1600). Should the City elect to retain the additional service of conducting a Development Impact Fee Study, the study shall provide sufficient information and the necessary findings to help the City determine the development impact fees based on the proposed infrastructure requirements to support the City's General Plan growth projections and the City's Capital Improvement Plan. The consultant is expected to work with City staff to determine other supporting infrastructure (i.e. equipment, vehicles, etc.) or other operational services that could rightfully be included in the fee program to ensure the costs of such supporting infrastructure are paid by development. The City would also like feedback from the consultant on recommended best practices to help ensure better collections.

## PROJECT SCHEDULE

Below is the desired schedule for initiation of this project; however, dates may be subject to change and adjusted as necessary.

RFP Issued	April 13, 2018
Request for Clarifications due	April 20, 2018
Clarification Responses Provided	April 23, 2018
Proposal Submittal Deadline	May 11, 2018
Oral Interviews (conducted at City discretion)	May 28, 2017 (week of)
Contract awarded by City Council	June 26, 2017

## SCOPE OF SERVICES

There is a separate scope of work for each of the studies. Project tasks shall include, but are not necessarily limited to, the following described below. If the firm feels that additional tasks are warranted, they must be clearly identified in the firm's proposal. Firms responding to this RFP shall be prepared to deliver services and perform the work necessary to provide the services within six months after initiation of the project. The City would like to have the study complete by December 31, 2018 for presentation to the City Council in February 2019 and incorporation into the FY 2019/20 Operating and Capital Budget. The project consists of furnishing all labor, materials, supervision, and travel necessary to complete the tasks outlined below:

### **Comprehensive User Fee Study**

Prepare a Comprehensive User Fee Study for the City, which may include the following elements (if the consultant feels that additional tasks are warranted, they must be clearly identified in the consultant's proposal):

1. Work and meet with City staff to refine the project scope, purpose, uses and goals of the City's Comprehensive User Fee Study to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedules and answer any questions pertaining to the successful development of the study.
2. Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations. Conduct a comprehensive review of the City's existing fees, rates and charges.
3. Identify the total cost of providing each City service at the appropriate activity level and in a manner consistent with all applicable laws, statutes, rules and regulations governing

the collection of fees, rates, and charges by public entities including, but not limited to, Proposition 26 and Proposition 218.

4. Compare service costs with existing recovery levels. This should include any service areas where the City is currently charging for services as well as areas where perhaps the City should charge, considering the City's practices, or the practices of similar or neighboring cities.
5. Recommend potential new fees and charges for services the City currently provides but does not have any fees and/or charges established. Recommendations should be based on practices by surrounding cities that may charge for similar services, industry best practices, or the consultant's professional opinion. The City is particularly interested in incentive programs offered in other agencies to promote economic development and the goals of the City.
6. Recommend appropriate fees and charges based on the firm's analysis together with the appropriate subsidy percentage of those fees where full cost recovery may be unrealistic.
7. Prepare a report that identifies each fee service, its full cost, recommended and current cost recovery levels. The report should also identify the direct cost, the indirect cost, and the overhead cost for each service.
8. Prepare a report that identifies the present fees, recommended fees, percentage change, cost recovery percentage, revenue impact and fee comparison with other San Luis Obispo County cities or other California cities that are comparable to the City of Morro Bay, including, but not limited to, those with harbors or ports. A survey comparison of rates and fees with similar cities is required.
9. Report on other matters that come to the Consultant's attention in the course of the evaluation that, in the Consultant's professional opinion, the City should consider.

Provide a computer-based model in Microsoft Excel for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in costs. The requirements of the models should allow for:

- a. Additions, revisions, or removal of the direct and overhead costs so the comprehensive fee study can be easily adapted to a range of activities, both simple and complex.

- b. The ability of the City to continuously update the model and fees from year to year as the organization changes.
  - c. The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (i.e. ad-hoc analysis).
10. Prepare and deliver presentation to the City Council to facilitate their understanding of the plan and its implication for the City and make necessary adjustments as requested.
  11. Provide on-site training to enable staff to update fees on an annual basis.
  12. Prepare a final report and provide twenty bound copies, and a PDF file of the Comprehensive Fee Study that can be made available to City Staff, Council and Committee members. Models, tables, and graphs should be provided in Excel. Any Comprehensive Fee Study revisions developed shall also be made available to the City in Excel and PDF formats, providing the ability to add, delete and/or update information as needed.
  13. Consult with City staff should it become necessary to defend the City's Comprehensive User Fee as a result of any legal or other challenges.

### **Full Cost Allocation Plan**

Prepare the City's Cost Allocation Plan, which may include the following elements (if the consultant feels that additional tasks are warranted, they must be clearly identified in the consultant's proposal):

1. Work and meet with the selected City staff to refine the project scope, purpose, uses and goals of the City's Cost Allocation Plan to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedule and answer any questions pertaining to the successful development of the study.
2. Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations. This includes where certain services and functions are performed together or shared through cooperation between different departments. Costs should be identified so they can be allocated to and tracked by appropriate department.
3. Identify the total cost of providing each City service at the appropriate activity level and in a manner consistent with all applicable laws, statutes, rules and regulations governing

the collection of fees, rates, and charges by public entities including, but not limited to, the State Controller's Office Guidelines for Cost Claiming and OMB 2 CFR Part 225 standards.

4. Develop a Cost Allocation Model using FY 2017/18 budget and/or actual data for calculation of the full costs of providing each City service. The requirements of the model should allow for:
  - a. Additions, revisions, or removal of direct and overhead costs so the cost allocation plan can be easily adapted to a range of activities, both simple and complex.
  - b. The ability of the City to continuously update the model and full cost allocation plan from year to year as organization and/or service model changes occur over time.
  - c. The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated cost of provide the service under consideration (i.e. ad-hoc analysis).
5. Report on other matters that surface during the evaluation that the City should consider.
6. Present the plan to the City's management group and make necessary adjustments as requested.
7. Prepare and deliver presentation to the Council to facilitate their understanding of the plan and its implications to the City.
8. Work with the Finance Department in developing service provisions, cost categories, and allocation criteria for current and future programs.
9. Provide the City with an electronic copy of the final comprehensive review, including related schedules and cost documentation in a format such as Microsoft Word and Excel that can be edited and updated by City staff to accommodate changes in the organization or changes in cost.
10. Prepare a final report and provide twenty bound copies, and a PDF file of the Cost Recovery Plan that can be made available to City staff, Council and Committees. Models, tables, and graphs should be provided in Excel. Any Cost Allocation Model revisions developed shall also be made available to the City in Excel and PDF formats, providing the ability to add, delete and/or update information as needed.

11. Provide a computer-based model in Excel for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by City staff to accommodate changes in the organization or changes in costs.
12. Consult with City staff should the need arise to defend the cost allocation plan as a result of audits or other challenges.

### **Option A – Development Impact Fee Study**

1. Kick-off meeting between consultant and City staff to review objectives of study, agree to methodology, exchange information, timing and schedule for all tasks, and to determine information to be provided by City staff, to support a comprehensive Impact Fee study of each existing fee.
2. Consultant shall also propose new impact fees that the City is not currently collecting for consideration by the City. After consideration of such new Impact Fees, the City may elect to request the consultant prepare the necessary nexus study or studies. Such study or studies shall be deemed "Extra Work" entitled to additional compensation.
3. Impact Fees shall be calculated to provide for facilities, equipment, infrastructure, and services needed to support growth based on forecasts of new development over a 20-year period. The Impact Fees analysis shall consider existing fees, if any, and be compared to both (a) surrounding and (b) comparable cities to ensure reasonableness, consistency and feasibility. The City is particularly interested in incentive programs offered in other agencies to promote economic development and the goals of the City.
4. The consultant shall prepare either an individual report for each Impact fee for a single compiled report for all Impact Fees that documents the fee study results, including a description of the overall assumptions, approach, and methodology, findings, supporting justification, recommended fee amount and the calculations that provide the legal nexus between the recommended Impact Fee and new development.
5. Review findings with City staff. Consultant to provide information supporting findings to date and proposed fees.

6. City Council meeting to present draft study. Discuss methodology, findings, formal presentation, answer questions about finding, and collect input for preparation of final report.
7. Final City Council meeting to follow up on first meeting and present final report.
8. Please consider the optional meeting in your proposal as separate line item cost – Public meeting to present draft study report. Meeting to share findings with stakeholders, including developers and engineers. Consultant to facilitate meeting, provide exhibits and formal presentation, collect input and prepare meeting minutes capturing public input.
9. Prepare a final report submitted to the City containing background information, methodology, findings, and recommendations. More specifically, consultant shall prepare a report containing, but not limited to, the following:
  - a. Background Information.
  - b. Description of the overall methodology.
  - c. Supporting justification.
  - d. Calculations that demonstrate the legal nexus between recommended fees and the impact created by new development.
  - e. Relationship between the fee's use and the type of project on which it would be imposed.
  - f. Any additional matters that City staff should be made aware of, findings, and recommendations.
10. If the consultant feels that additional task are warranted, they must be clearly identified in the consultant's proposal under this option.
11. The City reserves the right to modify the scope of services before the contract is awarded.

## GENERAL

The Consultant may recommend other tasks that it deems appropriate to achieve the objectives set forth in this RFP.

The successful respondent shall be required to retain all working papers and relating supporting documents, including records of professional time spent, for a period of five years after delivery of the required reports, unless notified in writing by the City of the need to extend the retention period. The Consultant further agrees to allow City staff to review such documents upon written request at any time during the retention period.

### City Requirements

The firm must comply with all relevant City requirements, such as a Morro Bay Business Tax, providing proof of insurance for at least the minimum required amounts, and executing a City contract for consulting services. Information about Morro Bay business tax is available on the City's website at <http://morrobayca.gov/DocumentCenter/View/8253>

Information about current insurance requirements is included in Attachment 2 as part of the City's Standard Consulting Services Contract Template and further described in Attachment 1: Special Conditions, of this RFP.

Note: Attachment 1 sets forth the special conditions applicable to this project.

## PROPOSAL FORMAT AND CONTENT

The Consultant shall be responsible for preparing an effective, clear, and concise proposal. The City is requesting six (6) bound paper copies of the proposal, which must contain at a minimum the following information:

1. Letter of Interest: Please include a letter expressing the Consultant's interest in being considered for the project. Include a statement regarding the consultant's availability to dedicate time, personnel, and resources to this effort. The letter of interest must include a commitment to the availability of the Consultants and all key project staff during the planning period and a proposed schedule designed to meet the City's needs for the project.
2. Project Understanding and Approach: Please include a statement demonstrating your understanding of the proposed project. Describe your approach to completing the project successfully; methodologies and technologies you would employ; key milestones and processes you would employ. Describe what information you would expect the City to supply.
3. Relevant Experience: Please include information describing the Consultant's experience with Comprehensive Fee Studies, including cost allocation plans for public

agencies. Please provide a minimum of five (5) specific examples of Consultant's relevant experience on Comprehensive Fee Studies and Cost Allocation Plans. At a minimum, the Consultant should provide a list of the most recent projects for which the Consultant has performed similar services of similar size, scope, and complexity. Include the name, contact person, address, phone number and/or e-mail of each party for whom the service was provided, as well as a description of the service performed, the dollar amount of the contract, and the date of performance.

Project Manager/Key Staff: Please include information about the specific relevant experience and billing rates for the proposed Project Manager and all other applicable staff. A Project Manager must be designated and must be the principal contact for the City. Information on the experience of the Project Manager (on similar projects) and at least two references for the Project Manager.

4. Proposed Scope of Services: Please provide a Proposed Scope of Services, which is based on the Scope of Work contained in this RFP; and discuss any ideas for modifying, clarifying, or improving the City's proposed scope of work. Provide a realistic working schedule with key deliverables, milestones and tasks.
5. Conflict of Interest Statement: The proposers shall disclose any financial, business, or other relationship with the City that may have an impact upon the outcome of this contract. Particular attention should be paid to compliance with Government Code section 1090.
6. Comments on or Requested Changes to Contract: The City's standard professional services contract is included as Attachment 2 to this Request for Proposals. The proposer shall identify any objections to and/or request changes to the standard contract language in this section.
7. Cost Proposal: In a Separate Envelope marked cost proposal, provide the following:
  - a. Total All-Inclusive Not To Exceed Maximum Price: The cost proposal should contain all pricing information relative to performing the scope of work as described in this request for proposals. The total all-inclusive maximum not to exceed price is to contain all direct and indirect costs including all out-of-pocket expenses. Provide a budget for each major milestone for the entire scope of services. The proposed budget should be inclusive of all meetings, conference calls, site visits and deliverables. The budget should include a list of anticipated reimbursable expenses with rates charged for each.

- b. Component Costs: Include separate schedules of all fees and expenses for each of the work tasks and deliverables described in this RFP. These schedules should include hourly rates and number of hours anticipated for each staff level; as well as out-of-pocket expenses such as transportation, meals, communications, and duplication costs. The total of these separate schedules should have a direct relationship to the total all-inclusive maximum price.
- c. Rates for Additional Professional Services: If it should become necessary for the City to request the successful firm to render any additional services to either supplement services requested in this RFP or to perform any additional work as a result of the specific recommendations included in any report issued resulting from this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work would be performed at the same rates submitted in the dollar cost bid unless otherwise noted in the proposal.
- d. Manner of Payment: Progress payment will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the consultant's proposal. Interim billings shall cover a period of not less than a calendar month.

#### **Option A – Development Impact Fee Submittal Format**

Should proposer choose to submit an option to add the Development Impact Fee study, the proposal for the Optional Development Impact Fee shall include the following:

1. Qualifications of your firm in creating a Development Impact Fee Study and providing Development Impact Fees to other similar governmental agencies.

Firm Profile (to the extent that it is different than described for the Cost Allocation Plan and Comprehensive Fee Study update) – please include the following:

- a. Number and nature of the professional staff to be assigned to this portion of the contract, including qualifications and certifications.
- b. Additional time necessary to complete this option, beyond the maximum six months previously requested for the Cost Allocation Plan and Comprehensive Fee Study Update.

2. Methodology - Provide a detailed description of the approach and methodology to be used to accomplish the Scope of Work for Option A. The methodology section shall include the following:
  - a. An Implementation Plan that describes the methods, including controls by which your firm or entity manages projects of the type sought in this option.
  - b. The methodology for soliciting and documenting views of internal and external stakeholders.
  - c. Any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
  - d. Project schedule, identifying all tasks and deliverables to be performed, durations for each task, and overall time of completion.
  - e. Description of specific tasks your firm or entity will require from City staff.
  - f. Provide any other information that would assist us in evaluating your qualifications.
3. References – Provide references from at least three municipal agencies for whom you have provided similar services, with similar composition of staffing as proposed for the City of Morro Bay update.
4. Fee – Submit the not to exceed fee proposal and standard hourly billing rates in a separate sealed envelope clearly labeled “Option A – Development Impact Fee Study”
  - a. Please clearly break out the optional public meeting cost in your proposal as described above.
  - b. Rates for Additional Professional Services: If it should become necessary for the City to request the successful firm to render any additional services to either supplement services requested in this RFP or to perform any additional work as a result of the specific recommendations included in any report issued resulting from this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work would be performed at the same rates submitted in the dollar cost bid unless otherwise noted in the proposal.

## **CRITERIA FOR SELECTION**

An evaluation committee will evaluate each respondent's relevant experience and expertise. Proposals will be evaluated based on the information presented in the RFP.

A two-step analysis will be employed. First, staff will review all submittals to ensure that the minimum requirements of the RFP are met.

Secondly, an evaluation committee will review proposals for the following:

- Qualifications as they relate to this project (35%) in the order shown below:
  - Thoroughness and understanding of the tasks to be completed.
  - Background and experience in organizational analysis evaluation.
  - Staff expertise and overall experience of personnel assigned to the work.
  - Qualifications of proposed key personnel.
  - Communication Skills.
- Reputation for integrity and competence (30%)
  - Positive Reference Checks
- Proposed Fees and Charges for Service (25%)
- Ability to provide the required services in a timely manner within the City's standard professional service agreement. (10%)

### **Option A – Development Impact Fee Study Evaluation Criteria**

Option A "add on" of the Development Impact Fee study will be evaluated independently. The following factors in this evaluation will be as follows:

1. Experience and Expertise
  - a. Previous related work experience and qualifications in the subject area of personnel assigned.
  - b. Quality of the professional personnel to be assigned to the engagement.
  - c. Responsiveness to the City's needs, including availability of professional personnel assigned.
2. Methodology

- a. Demonstrate a clear understanding of scope of services.
  - b. Adequacy of implementation plan, sampling techniques, analytical procedures.
    - i. Additional services, innovative data collection methods, cost-saving measures, products, etc. will be considered for their usefulness or contribution to the City.
3. References
- a. References and recommendations of previous clients.
  - b. History and performance of firm/project team on similar projects.
4. Cost
- a. Proposed cost for add-on service.

The City reserves the right to interview any or all responding proposers and/or to award a contract without conducting interviews.

A recommendation for consultant selection will be made to the City Council based on the “best value” evaluation of the proposals/qualifications, which will take into account the consultant’s team’s qualifications, reference checks, comparable experience and cost, as well as consultant’s availability to undertake the project, complete the tasks timely and deliver a high-quality work product, ability to comply with the City’s standard professional service agreement.

All interested parties are encouraged to submit proposals to the RFP, as the award is not based solely on the lowest cost proposal submitted. Total cost will be taken into consideration, but the Consultant’s capabilities, competence and capacity will be considered as well. The City reserves the right to choose the overall best proposer according to the City’s criteria. The City, and its designated representatives, shall be the sole judge of its own best interest, the proposal, and the resulting negotiated agreement. The City’s decisions will be final.

The above factors, along with other factors that the City may deem appropriate, will be used to identify the proposal that represents the best value, which will be the basis for the contract award. The decision of whether to award a contract and selection of a consultant will be in the sole discretion of the City Council.

## **PROPOSAL REQUIREMENTS**

### **General Requirements**

The City will not give verbal answers to clarifications regarding information in this RFP, or verbal instructions prior to the submission deadline. All clarifications shall be submitted in writing. A verbal statement regarding same by any person shall be non-binding. The City is not liable for any increased costs resulting from the Consultant accepting verbal directions. Any explanation desired by a Consultant must be requested of the City representative in writing no later than April 20, 2018 at 4:00 p.m. (verizon time).

Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Jennifer Callaway  
Finance Director  
City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442  
(805) 772-6217  
[jcallaway@morrobayca.gov](mailto:jcallaway@morrobayca.gov)

**Submission of Proposal:** Proposals submitted by facsimile or emails are not acceptable and will not be considered. The original signed proposal and six (6) duplicates are to be submitted in sealed packages with the name of the Consultant and RFP title clearly marked on the outside of the package. The Proposal shall be received by the City Clerk of the City of Morro Bay by 4:00 p.m. (verizon time) on Friday, May 11, 2018 for a proposal to be considered. The Proposal should address the items listed below and be addressed to the following:

City of Morro Bay  
Dana Swanson  
City Clerk  
595 Harbor Street  
Morro Bay, CA 93442

### **Format for Proposal**

To facilitate the review of responses, all responses are required to adhere to the following requirements with regard to their proposal. The City strongly encourages respondents to ensure that RFP submissions are succinct and clearly organized. If the proposal is not in this format or does not include all of the listed items, it may be deemed non-responsive. For ease of handling, all responses are to be provided in a standard 8 ½" x 11" portrait format with binding on the left-hand edge.

1. Title Page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
2. Table of Contents identifying the materials submitted by section and page number.
3. Detailed Proposal following the order set forth in the Proposal Content.
4. Provide a timeline for the Comprehensive Fee Study and Cost Allocation Plan, indicating dates for completion of the final reports.

# ATTACHMENT 1

## SPECIAL CONDITIONS

### **Contract and Insurance Requirements.**

The selected consultant shall be required to enter into a city-prepared Professional Services Agreement approved by the City Attorney. Consultants shall be prepared to accept the terms and conditions of the City's Standard Professional Services Agreement including all Insurance Requirements. The successful Consultants bid and the terms and conditions stated in this RFP will be made part of the contract between the City of Morro Bay and the Consultant. This RFP outlines the specifications and requirements, but not necessarily all of the terms and conditions that will be incorporated into the final agreement between the City of Morro Bay and the successful Consultant.

- Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy from CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.
- Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way to perform the Scope of Services, then Consultant shall provide evidence of personal auto liability coverage for each such person.
- Property Damage Insurance in an amount of not less than \$1,000,000 for damage to the property of each person on account of any one occurrence.
- Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits.
- Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop-down

provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a “pay on behalf” basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured’s liability is determined, not requiring actual payment by the insured first. There shall be no cross-liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to City for injury to employees of Consultant, subcontractors or others involved in the Work. The scope of coverage provided is subject to approval of City following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

- Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designated to protect against acts, errors or omissions of Consultant and “Covered Professional Services” as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than \$2,000,000 per claim and in the aggregate. The policy must “pay on behalf of” the insured and must include a provision establishing the insurer’s duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

**Reservations.**

This RFP does not commit the City to award a contract, to defray any costs incurred in the preparation of a proposal pursuant to this RFP, or to procure or contract for work. No payment of any kind will be provided to the Consultant responding to this RFP, or parties they represent, for obtaining any of the information solicited.

**Public Records.**

All proposals submitted in response to this RFP become the property of the City. Information in the proposal, unless specified as trade protected, may be subject to public review. Any information contained in the proposal that is proprietary must be clearly designated. Marking the entire proposal as proprietary will be neither accepted nor honored. Proprietary information submitted in response to this RFP will be handled in accordance with the California Public Records Act.

**Right to Cancel and Amend.**

The City reserves the right to cancel, for any or no reason, in part or in its entirety, this RFP, including but not limited to: selection schedule, submittal date, and submittal requirements. If the City cancels or revises the RFP, all Consultants will be notified in writing.

**Additional Information.**

The City reserves the right to request additional information and/or clarification from any or all Consultants.

**Conflict of Interest.**

Consultant covenants that the company, its officers, employees and/or agents presently have no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services requested herein by the City. Consultant further covenants that, in the performance of any contract or agreement resulting from this RFP, no subcontractor or person having such an interest shall be employed. Consultant certifies that to the best of Consultant’s knowledge, no one who has or will have any financial interest under any contract or agreement resulting from this RFP is an officer or employee of the City.

**Release of Public Information.**

Consultants who respond to this RFP who wish to release information to the public regarding selection, contract award or data provided by the City must receive prior written approval from the City before disclosing such information to the public.

**Non-Assignment.**

If a contract is awarded, the selected Consultant shall neither assign, nor delegate, in part or in whole, any duties without the prior written consent of the City which shall not be unreasonably withheld.

**Collusion.**

Each Consultant certifies that the company, its officers, employees and/or agents are not a party to any collusive action, fraud, or any action that may be in violation of the Sherman Antitrust Act. The Consultant certifies that the company, its officers, employees and/or agents have not offered or received any kickbacks or inducements from any other bidding Consultant, supplier, manufacturer, or subcontractor in connection with the proposal and that the company, its officers, employees and/or agents have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value. Any or all bids shall be rejected if there is any reason to believe collusion exists among the bidding Consultants. More than one bid from an individual firm, partnership, corporation, or association under the same or different names may be rejected.

Reasonable grounds for believing that a bidding Consultant has interest in more than one proposal for the work being proposed may result in rejection of all bids in which the bidding Consultant is believed to have interest.

**Debarment.**

By submitting a proposal, the Consultant certifies that the company is not currently debarred from submitting proposals and/or bids for contracts issued by any City or political subdivision or agency of the State of California, and that it is not an agent of a person or entity that is currently debarred from submitting proposals and/or bids for contracts issued by any City or political subdivision or agency of the State of California.

**Equal Employment Opportunity Compliance.**

The selected Consultant shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Consultant shall take affirmative action to ensure that all employees and applicants for employment shall be treated with equality in all aspects of employment processes including, but not limited to, hiring, transfer, promotion, training, compensation and termination, regardless of their race, creed, color, sex, national origin, age, or physical handicap.

**Right to Audit.**

The selected Consultant shall maintain such financial records and other records as may be prescribed by the City or by applicable federal and state laws, rules, and regulations. The selected Consultant shall retain these records for a period of three years after final payment, or until they are audited by the City, whichever event occurs first. These records shall be made available during the term of the contract or service agreement and the subsequent three-year period for examination, transcription, and audit by the City or its designees.

**Drug-Free Workplace Requirements.**

Proposer will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that an unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
  - i. The dangers of drug abuse in the workplace;
  - ii. The person's or organizations policy of maintaining a drug-free workplace;
  - iii. Any available counseling, rehabilitation and employee assistance programs; and
  - iv. Penalties that may be imposed upon employees for drug abuse violations.

- c. Every employee who works on the proposed Agreement will:
  - i. Receive a copy of the company's drug-free workplace statement; and
  - ii. Agree to abide by the terms of the company's statement as a condition of employment on the agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both if the City determines that any of the following has occurred: the Proposer has made false certification, or violated the certification by failing to carry out the requirements noted above. (Gov. Code section 8350 et seq.)

## ATTACHMENT 2

CITY OF MORRO BAY

### AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made, by and between, the City of Morro Bay, a municipal corporation (“City”) and \_\_\_\_\_, a California corporation, *and/or* *[insert individual’s name]* dba *[insert business name if not a corporation]* (“Consultant”). In consideration of the mutual covenants and conditions set forth herein the parties agree as follows:

1. TERM

This Agreement shall commence on \_\_\_\_\_, 2018, and shall remain and continue in effect until tasks described herein are completed, but in no event later than \_\_\_\_\_, 2018, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Consultant shall perform the tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. Consultant shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A.

3. PERFORMANCE

Consultant shall at all times faithfully, competently and to the best of their ability, experience, and talent, perform all tasks described herein. Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Consultant hereunder in meeting its obligations under this Agreement.

4. CITY MANAGEMENT

City’s \_\_\_\_\_ Director shall represent City in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but not including the authority to enlarge the Tasks to Be Performed or change the compensation due to Consultant. City’s City

Manager shall be authorized to act on City's behalf and to execute all necessary documents which enlarge the Tasks to Be Performed or change Consultant's compensation, subject to Section 5 hereof.

5. PAYMENT

(a) City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit A, attached hereto and incorporated herein by this reference as though set forth in full, and based upon actual time spent on the above tasks. That amount shall not exceed **{INSERT AMOUNT }** for the total term of the Agreement unless additional payment is approved as provided in this Agreement.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and Consultant at the time City's written authorization is given to Consultant for the performance of said services. The City Manager may approve additional work not to exceed twenty five (25%) of the amount of the Agreement, but in no event shall such sum exceed **{INSERT AMOUNT}**. Any additional work in excess of this amount shall be approved by the City Council.

(c) Consultant will submit invoices monthly for actual services performed. Invoices shall be submitted on or about the first business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days after receipt of each invoice as to all non-disputed fees. If City disputes any of Consultant's fees, then it shall give written notice to Consultant within fifteen (15) days of receipt of an invoice of any disputed fees set forth on the invoice.

6. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

(a) City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon Consultant at least ten-days' (10-days') prior written notice. Upon receipt of said notice, Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If City suspends or terminates a portion of this Agreement, then such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, City shall pay to Consultant the actual value of the work performed up to the time of termination. Upon termination of the Agreement pursuant to this Section, Consultant will submit an invoice to City pursuant to Section 3.

7. DEFAULT OF CONSULTANT

(a) Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date Consultant is notified of default and can terminate this Agreement immediately by written notice to Consultant. If such failure by Consultant to make progress in the performance for work hereunder arises out of causes beyond Consultant's control, and without fault or negligence of Consultant, then it shall not be considered a default.

(b) If the City Manager or his/her delegate determines that Consultant is in default in the performance of any of the terms or conditions of this Agreement, then he/she shall cause to be served upon Consultant a written notice of the default. Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that Consultant fails to cure its default within such period of time, City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

8. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, and full payment by City for services performed pursuant to, this Agreement, all final work product such as documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of City and may be used, reused, or otherwise disposed of by City without the permission of Consultant. With respect to computer files, Consultant shall make available to City, as a service in addition to those set forth herein, at Consultant's office and upon

reasonable written request by City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

9. INDEMNIFICATION

(a) Indemnification for Professional Liability. When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including reasonable attorney's fees and costs to the extent same are caused by any negligent act, error or omission of Consultant, its officers, agents, employees or subconsultants (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this agreement. City agrees to hold harmless and indemnify Consultant from and against all claims, liabilities, losses, damages, and costs, including but not limited to attorney's fees, arising out of or in any way connected with the modification, misinterpretation, misuse or reuse by others of the computer files or any other document provided by Consultant under this Agreement.

(b) Indemnification for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subconsultants of Consultant.

(c) General Indemnification Provisions. Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section from each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this agreement. In the event Consultant fails to obtain such indemnity obligations from others as required here, Consultant agrees to be fully responsible according to the terms of this section. Failure of City to monitor compliance with these requirements imposes no additional obligations on City and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend City as set forth here is binding on the successors, assigns or heirs of Consultant and shall survive the termination of this agreement or this section.

10. INSURANCE

Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit B attached to and part of this agreement.

11. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to City a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

12. LEGAL RESPONSIBILITIES

Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. Consultant shall at all times observe and comply with applicable legal requirements in effect at the time the drawings and specifications are prepared. City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of Consultant to comply with this Section.

13. UNDUE INFLUENCE

Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of City will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling City to any and all remedies at law or inequity.

14. NO BENEFIT TO ARISE TO LOCAL EMPLOYEES

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

15. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents, or subconsultants, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within City. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

(b) Consultant shall promptly notify City if Consultant, or any of its officers, employees, agents, or subconsultants are served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within City. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate with City by providing the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

16. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City: City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442  
Attention: City Clerk

To Consultant:

17. ASSIGNMENT

Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of City.

18. LICENSES

At all times during the term of this Agreement, Consultant shall have in full force and effect, all licenses and tax certificates required of it by law for the performance of the services described in this Agreement.

19. GOVERNING LAW

City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with jurisdiction over City.

20. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

21. CONTENTS OF PROPOSAL

Consultant is bound by the contents of the proposal submitted by Consultant, Exhibit A hereto.

22. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant warrants and represents he/she has the authority to execute this Agreement on behalf of Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF MORRO BAY

CONSULTANT (2 signatures required)

By: \_\_\_\_\_  
Scott Collins, City Manager

By: \_\_\_\_\_  
(Signature)

Attest:

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
Dana Swanson, City Clerk

Its: \_\_\_\_\_  
(Title)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

Its: \_\_\_\_\_

(Title)

Approved As To Form:

\_\_\_\_\_

Joseph W. Pannone, City Attorney

**EXHIBIT A**

**TASKS TO BE PERFORMED**

**EXHIBIT B**  
**PAYMENT SCHEDULE**

**EXHIBIT C**  
**INSURANCE REQUIREMENTS**

*Prior to the beginning of and throughout the duration of the Agreement, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to City in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to City.*

*Consultant shall provide the following types and amounts of insurance:*

Commercial General Liability Insurance using Insurance Services Office “Commercial General Liability” policy from CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant’s employees will use personal autos in any way to perform the Scope of Services, then Consultant shall provide evidence of personal auto liability coverage for each such person.

Property Damage Insurance in an amount of not less than \$1,000,000 for damage to the property of each person on account of any one occurrence.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer’s liability limits.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a

maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a “pay on behalf” basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured’s liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to City for injury to employees of Consultant, subcontractors or others involved in the Work. The scope of coverage provided is subject to approval of City following receipt of proof of insurance as required herein. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designated to protect against acts, errors or omissions of Consultant and “Covered Professional Services” as designated in the policy must specifically include work performed under this agreement. The policy limit shall be no less than \$2,000,000 per claim and in the aggregate. The policy must “pay on behalf of” the insured and must include a provision establishing the insurer’s duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.

*Insurance procured pursuant to these requirements shall be written by insurer that are admitted carriers in the state California and with an A.M. Best’s rating of A- or better and a minimum financial size VII.*

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and City agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds the City of Morro Bay, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all Consultants, and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant’s employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against City regardless of the applicability of any insurance proceeds, and to require all Consultants and subcontractors to do likewise.
3. All insurance coverage and limits provided by Consultant and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to City or its operations limits the application of such insurance coverage.

4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.
5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any Consultant or subcontractor.
6. All coverage types and limits required are subject to approval, modification and additional requirements by City, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.
7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to City at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by City shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at City's option.
8. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self-insurance available to City.
9. Consultant agrees to ensure that subcontractors, and any other party involved with the Scope of Services who is brought onto or involved in the Scope of Services by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the Scope of Services will be submitted to City for review.

10. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any Consultant, Subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of the Scope of Services to self-insure its obligations to City. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to City. At the time City shall review options with Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.
11. City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to Consultant, the City will negotiate additional compensation proportional to the increase benefit to City.
12. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
13. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any insurance requirements in no way imposes any additional obligations on City nor does it waive any rights hereunder in this or any other regard.
14. Consultant will renew the required coverage annually as long as City, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until City executes a written statement to that effect.
15. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five days of the expiration of the coverages.

16. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to City, its employees, officials and agents.
17. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
18. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.
19. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.
20. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the Scope of Services reserves the right to charge City or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.
21. Consultant agrees to provide immediate notice to City of any claim or loss against Consultant arising out of the work performed under this agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.