

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") between the City of Manhattan Beach, a California municipal corporation ("City") and Raftelis Financial Consultants, Inc. a North Carolina corporation ("Consultant") is hereby effective ("Effective Date") upon the date the City Council approves this Agreement. City and Consultant are sometimes referred to herein as the "Parties" and individually as a "Party".

RECITALS

A. City issued Request for Proposals No. 1342-26 on November 4, 2025, titled Water and Sewer Rate Study Services. Consultant submitted a proposal dated December 1, 2025, in response to the RFP.

B. Consultant represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

C. City desires to retain Consultant as an independent contractor and Consultant desires to serve City to perform these services in accordance with the terms and conditions of this Agreement.

The Parties therefore agree as follows:

1. Consultant's Services.

A. Scope of Services. Consultant shall perform the services described in the Scope of Services (the "Services") for a Comprehensive Water and Sewer Rate Study attached as **Exhibit A**. City may request, in writing, changes in the Scope of Services to be performed. Any changes to the scope or cost of work must be in writing and mutually agreed upon by the Parties. City shall have the right to order, in writing, changes in the Scope of Services. Any changes in the Scope of Services by Consultant must be made in writing and approved by both parties. The cost of any change in the Scope of Services must be agreed to by both parties in writing.

B. Party Representatives. For the purposes of this Agreement, the City Representative shall be the City Manager, or such other person designated in writing by the City Manager (the "City Representative"). For the purposes of this Agreement, the Consultant Representative shall be Steve Gagnon, PE, Vice President (the "Consultant Representative"). The Consultant Representative shall directly manage Consultant's Services under this Agreement. Consultant shall not change the Consultant Representative without City's prior written consent.

C. Time for Performance. Consultant shall commence the Services on the Effective Date and shall perform all Services by the deadline established by the City Representative or, if no deadline is established, with reasonable diligence.

D. Standard of Performance. Consultant shall perform all Services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to City.

E. Personnel. Consultant has, or will secure at its own expense, all personnel required to perform the Services required under this Agreement. All of the Services required under this Agreement shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such Services.

F. Compliance with Laws. Consultant shall comply with all applicable federal, state and local laws, ordinances, codes, regulations and requirements.

G. Permits and Licenses. Consultant shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of Services under this Agreement, including a business license.

2. Term of Agreement. The term of this Agreement shall be from the Effective Date through June 30, 2029, unless sooner terminated as provided in Section 12 of this Agreement or extended. Additionally, there shall be two one-year options to renew the Agreement with the mutual written consent of both parties. If not renewed prior to the anniversary date, this Agreement may continue on a month-to-month basis under the same terms and conditions for a maximum period not to exceed six months or until renewed, terminated or awarded to a new contractor, whichever is less.

3. Compensation.

A. Compensation. As full compensation for Consultant's Services provided under this Agreement, City shall pay Consultant the total sum of \$108,023 (the "Maximum Compensation"), as set forth in the Approved Fee Schedule attached hereto as **Exhibit B.**"

B. Expenses. The amount set forth in paragraph 3.A. above includes reimbursement for all expenditures incurred in the performance of this Agreement.

C. Unauthorized Services and Unanticipated Expenses. City will not pay for any services not specified in the Scope of Services, unless the City Council or the City Representative, if applicable, and the Consultant Representative authorize such services in writing prior to Consultant's performance of those services or incurrence of additional expenses. Any additional services authorized by the City Council, or (where authorized) the City Manager shall be compensated at the rates set forth in **Exhibit B**, or, if not specified, at a rate mutually agreed to by the Parties. At the request of the Consultant, the City Council may, in writing, reimburse Consultant for an unanticipated expense at its actual cost. City shall make payment for additional services and expenses in accordance with Section 4 of this Agreement.

4. Method of Payment.

A. Invoices. Consultant shall submit to City at invoices@manhattanbeach.gov an invoice, on a monthly basis, for the Services performed pursuant to this Agreement. Each invoice shall itemize the Services rendered during the billing period, hourly rates charged, if applicable, and the amount due. City shall review each invoice and notify Consultant in writing within ten Business days of receipt of any disputed invoice amounts.

B. Payment. City shall pay all undisputed invoice amounts within 30 calendar days after receipt up to the Maximum Compensation set forth in Section 3 of this Agreement. City does not pay interest on past due amounts. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Consultant. Notwithstanding the preceding sentence, if Consultant is a nonresident of California, City will withhold the amount required by the Franchise Tax Board pursuant to Revenue and Taxation Code Section 18662 and applicable regulations.

C. Audit of Records. Consultant shall make all records, invoices, time cards, cost control sheets and other records maintained by Consultant in connection with this Agreement available during Consultant's regular working hours to City for review and audit by City.

5. Independent Contractor. Consultant is, and shall at all times remain as to City, a wholly independent contractor. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, 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, agents or employees are in any manner employees of City.

6. Information and Documents.

A. Consultant covenants that all data, reports, documents, discussion, or other information (collectively "Data") developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Consultant without prior written authorization by City. City shall grant such authorization if applicable law requires disclosure. Consultant, its officers, employees, agents, or subcontractors shall not without written authorization from the City Manager or unless requested in writing 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 the City. A 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 should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the City. City may, but has no obligation to, represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with

City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct or rewrite the response.

C. All Data required to be furnished to City and prepared and/or provided by Consultant as a deliverable (as defined below) pursuant to this Agreement shall become City's property, and City may use all or any portion of the Data submitted by Consultant as City deems appropriate. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the Services, surveys, notes, and other documents prepared in the course of providing the Services and intended by the Parties as a deliverable hereunder shall become City's sole property and may be used, reused or otherwise disposed of by City without Consultant's permission. Any use of data or information provided by Consultant for a purpose other than as intended hereunder, and any re-use, modification or alteration thereof, shall be at City's sole risk. Consultant may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Consultant. Nothing in this Agreement shall be deemed or construed as a waiver, release, transfer, assignment or divestiture by Consultant of any of its intellectual property, know-how or trade secrets. As used in this Agreement, the term "deliverable" means and includes any documents, reports or calculations prepared by the Consultant identified in the Scope of Services

D. Consultant's covenants under this Section shall survive the expiration or termination of this Agreement.

7. Conflicts of Interest. Consultant affirms that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the Services contemplated by this Agreement. Consultant and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's Services under this Agreement, including the Political Reform Act (Gov. Code § 81000, *et seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar Services for other clients, but Consultant and its officers, employees, associates and subcontractors shall not, without the City Representative's prior written approval, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant shall incorporate a clause substantially similar to this Section into any subcontract that Consultant executes in connection with the performance of this Agreement.

8. Indemnification, Hold Harmless, and Duty to Defend.

A. Indemnities for Professional Services.

1) To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless and indemnify City and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and

those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith and the payment of all consequential damages (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, from the acts or omissions of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Consultant shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

2) Other Indemnities. Other than in the performance of professional services, and to the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless and indemnify City and its elected officials, officers, attorneys, employees, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees"), from all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of attorneys and other professionals and all costs associated therewith, but excluding the payment of any consequential damages (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to, the negligent acts or omissions or willful misconduct of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel reasonably acceptable to City, to the extent of Consultant's defense and indemnity obligations hereunder.

3) Consultant shall pay all required taxes on amounts paid to Consultant under this Agreement and indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City for such taxes by reason of the independent contractor relationship created by this Agreement.

4) Consultant shall fully comply with the workers' compensation law regarding Consultant and Consultant's employees. Consultant shall indemnify and hold

City harmless from any failure of Consultant to comply with applicable workers' compensation laws.

5) City may offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph A.

6) Consultant shall obtain executed indemnity agreements with provisions identical to those in this Section from each and every subcontractor or any other person or entity engaged or retained by Contractor and/or performing services on behalf of Consultant in the performance of this Agreement. If Consultant fails to obtain such indemnity obligations, Consultant shall indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities at law or in equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant's subcontractors, its/their officers, agents, servants, employees, subcontractors, materialmen, consultants or its/their officers, agents, servants or employees (or any entity or individual that Consultant's subcontractors shall bear the legal liability thereof) to the same extent as Consultant's defense and indemnity obligations set forth above.

7) Consultant shall have no obligation to indemnify City against liability for claims by a third party for failure to comply with its obligations under Article XIII D of the California Constitution (Proposition 218).

8) The provisions of this Section 8 apply only to this Agreement and the Services set forth in Section 1, above, and shall have no application to any prior agreement entered into between the parties.

B. Workers' Compensation Acts not Limiting. Consultant's indemnifications and obligations under this Section, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

C. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liabilities, tax, assessment, penalty or interest asserted against City.

D. Survival of Terms. Consultant's indemnifications and obligations under this Section shall survive the expiration or termination of this Agreement.

9. Insurance.

A. Minimum Scope and Limits of Insurance. Consultant shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of \$2,000,000.00 per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of \$2,000,000.00 per project or location. If Consultant is a limited liability company, the commercial general liability coverage shall be amended so that Consultant and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of \$2,000,000.00 per accident for bodily injury and property damage. If Consultant does not use any owned, non-owned or hired vehicles in the performance of Services under this Agreement, Consultant shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under subparagraph A.1) of this Section.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of \$1,000,000.00 per accident for bodily injury or disease. If Consultant has no employees while performing Services under this Agreement, workers' compensation policy is not required, but Consultant shall execute a declaration that it has no employees.

4) Professional Liability/Errors and Omissions Insurance with minimum limits of \$2,000,000.00 per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming City and its elected and appointed officials, officers, employees, agents and volunteers as additional insureds. This provision shall also apply to any excess/umbrella liability policies.

D. Primary and Non-Contributing. The insurance policies required under this Section shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to City. Any insurance or self-insurance maintained by City, its elected and appointed officials, officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

E. Consultant's Waiver of Subrogation. The insurance policies required under this Section shall not prohibit Consultant and Consultant's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against City.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by City. At City's option, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Consultant shall not cancel, reduce or otherwise modify the insurance policies required by this Section during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail 30 days' prior written notice to City. If any insurance policy required under this Section is canceled or reduced in coverage or limits, Consultant shall, within two Business Days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. City Remedy for Noncompliance. If Consultant does not maintain the policies of insurance required under this Section in full force and effect during the term of this Agreement, or in the event any of Consultant's policies do not comply with the requirements under this Section, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Consultant's expense, the premium thereon. Consultant shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Consultant.

I. Evidence of Insurance. Prior to the performance of Services under this Agreement, Consultant shall furnish City's Risk Manager with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section. The endorsements are subject to City's approval. Consultant may provide complete, certified copies of all required insurance policies to City. Consultant shall maintain current endorsements on file with City's Risk Manager. Consultant shall provide proof to City's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Consultant shall furnish such proof at least two weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duty to indemnify City under Section 8 of this Agreement.

K. Subcontractor Insurance Requirements. Consultant shall require each of its subcontractors that perform Services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section.

10. Mutual Cooperation.

A. City's Cooperation. City shall provide Consultant with all pertinent Data, documents and other requested information as is reasonably available for Consultant's proper performance of the Services required under this Agreement.

B. Consultant's Cooperation. In the event any claim or action is brought against City relating to Consultant's performance of Services rendered under this Agreement, Consultant shall render any reasonable assistance that City requires.

11. Records and Inspections. Consultant shall maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, and other such information required by City that relate to the performance of the 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 City, its designees and representatives at reasonable times, and shall allow City to examine and audit the books and records, to make transcripts therefrom as necessary, and to inspect 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 years after receipt of final payment.

12. Termination of Agreement.

A. Right to Terminate. City may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to Consultant at least five calendar days before the termination is to be effective. Consultant may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to City at least 60 calendar days before the termination is to be effective.

B. Obligations upon Termination. Consultant shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of City's termination of this Agreement due to no fault or failure of performance by Consultant, City shall pay Consultant based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the Services required by this Agreement. Consultant shall have no other claim against City by reason of such termination, including any claim for compensation.

13. Force Majeure. Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to acts of God, embargoes, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, judicial orders, enemy or hostile governmental action, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

14. Default.

A. Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that 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 of default.

B. In addition to the right to terminate pursuant to Section 12, if the City Manager determines that Consultant is in default in the performance of any of the terms or conditions of this Agreement, City shall serve Consultant with written notice of the default. Consultant shall have ten calendar days after service upon it of the 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 may, notwithstanding any other provision of this Agreement, 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.

15. Notices. Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Consultant's and City's regular business hours, or (c) three Business Days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

If to City:

Gilbert Gamboa, Acting Public Works
Director
City of Manhattan Beach
3621 Bell Avenue
Manhattan Beach, California 90266

If to Consultant:

Steve Gagnon, PE, Vice President
Raftelis Financial Consultants, Inc.
227 W. Trade Street, Suite 1400
Charlotte, NC 28202
(213) 262-9308
sgagnon@raftelis.com

With a courtesy copy to:

Quinn M. Barrow, City Attorney
1400 Highland Avenue
Manhattan Beach, California 90266
(310) 802-5061
qbarrow@rwglaw.com

16. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Consultant will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

17. Prohibition of Assignment and Delegation. Consultant shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this Agreement shall not release Consultant from any of its obligations or alter any of its

primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

18. No Third Party Beneficiaries Intended. This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

19. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the Party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

20. Final Payment Acceptance Constitutes Release. The acceptance by Consultant of the final payment made under this Agreement shall operate as and be a release of City from all claims and liabilities for compensation to Consultant for anything done, furnished or relating to Consultant's work or services. Acceptance of payment shall be any negotiation of City's check or the failure to make a written extra compensation claim within ten calendar days of the receipt of that check. However, approval or payment by City shall not constitute, nor be deemed, a release of the responsibility and liability of Consultant, its employees, subcontractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by City for any defect or error in the work prepared by Consultant, its employees, subcontractors and agents.

21. Corrections. In addition to the above indemnification obligations, Consultant shall correct, at its expense, all errors in the work which may be disclosed during City's review of Consultant's report or plans. Should Consultant fail to make such correction in a reasonably timely manner, such correction may be made by City, and the cost thereof shall be charged to Consultant. In addition to all other available remedies, City may deduct the cost of such correction from any retention amount held by City or may withhold payment otherwise owed Consultant under this Agreement up to the amount of the cost of correction.

22. Non-Appropriation of Funds. Payments to be made to Consultant by City for services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted fund. In the event that City does not appropriate sufficient funds for payment of Consultant's services beyond the current fiscal year, this Agreement shall cover payment for Consultant's services only to the conclusion of the last fiscal year in which City appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

23. Exhibits. Exhibits A and B constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Consultant's proposal, the provisions of this Agreement shall control.

24. Entire Agreement and Modification of Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement. This Agreement may not be amended, nor any provision or breach hereof waived, except in a writing signed by both Parties.

25. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the Parties to this Agreement.

26. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

27. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a Party of the benefits of any grace or use period allowed in this Agreement.

28. Business Days. "Business days" means days Manhattan Beach City Hall is open for business.

29. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the Parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a superior court with geographic jurisdiction over the City of Manhattan Beach.

30. Attorneys' Fees. In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall be entitled to recover all attorneys' fees, experts' fees, and other costs actually incurred in connection with such litigation or other proceeding, in addition to all other relief to which that Party may be entitled.

31. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and

enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

32. Counterparts. This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument.

33. Corporate Authority. Each person executing this Agreement on behalf of his or her Party warrants that he or she is duly authorized to execute this Agreement on behalf of that Party and that by such execution, that Party is formally bound to the provisions of this Agreement.

[SIGNATURE PAGE FOLLOWS]

The Parties, through their duly authorized representatives are signing this Agreement on the date stated in the introductory clause.

City:

City of Manhattan Beach,
a California municipal corporation


Consultant:

Raftelis Financial Consultants,
Inc. a North Carolina corporation

By: _____

Name: Talyn Mirzakhania
Title: City Manager
Date:

By: _____


Name: Steve Gagnon
Title: Vice President
Date: 1/14/2026

ATTEST:

By: _____

Name: Liza Tamura
Title: City Clerk
Date:

PROOF OF AUTHORITY TO BIND
CONTRACTING PARTY REQUIRED

APPROVED AS TO FORM:

By: _____

Name: Quinn M. Barrow
Title: City Attorney
Date:

APPROVED AS TO FISCAL IMPACT:

By: _____

Name: Libby Bretthauer
Title: Finance Director
Date:

APPROVED AS TO CONTENT:

By: _____

Name: Gilbert Gamboa
Title: Acting Public Works Director
Date:

EXHIBIT A SCOPE OF SERVICES

Consultant shall develop a five-year financial plan and rate forecast for the Water and Sewer Utilities, covering Fiscal Years 2026-2027 through 2030-2031. All Services are to be performed in good and workmanlike manner and in accordance with any further written instructions, if any, of the Public Works Director or their designated representative.

Consultant shall perform the Scope of Services in a manner satisfactory to City and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. City shall have the right to order, in writing, changes in the Scope of Work. Any changes in the Scope of Work by Consultant must be made in writing and approved by both parties. The cost of any change in the Scope of Work must be agreed to by both parties in writing.

1. Project Management and Coordination

- a) Designate a Project Manager responsible for overall coordination, communication, and schedule adherence.
- b) Develop a detailed project schedule including deliverables, review periods, public meetings, and milestones.
- c) Conduct monthly progress meetings (in-person or virtual) and provide updated task status and budget tracking.
- d) Submit monthly progress reports and invoices.

2. Data Collection and Review

- a) Review existing financial documents, including prior rate studies, budgets, audits, master plans, and CIP schedules.
- b) Verify data accuracy for customer accounts, water consumption, sewer flows, meter sizes, and class groupings.
- c) Evaluate historical and projected trends in consumption, conservation, and connection growth.
- d) Identify and reconcile any data gaps that could affect cost allocation or demand forecasting.

3. Financial Plan and Revenue Requirements

- a) Develop a five-year financial plan and rate forecast for both the water and sewer utilities, covering Fiscal Years 2026/27 through 2030/31.
- b) Align the financial plan with the City's adopted five-year Capital Improvement Plan (CIP), including known, anticipated, and unfunded project costs as identified through the City's master plans, condition assessments, and staff input.
- c) Provide a 10-year financial outlook to illustrate the long-term sustainability of the utilities beyond the 5-year rate period and to account for potential future or unfunded capital needs.

- d) Establish revenue requirements covering: Operations and maintenance (O&M) costs; Capital improvement funding (pay-as-you-go and debt-financed); Reserve funding (operating, capital, rate stabilization, and emergency); Wholesale water and local treatment costs; Inflationary cost escalation factors (labor, energy, construction).
- e) Incorporate sensitivity analysis for variables such as water sales decline, imported water cost increases, and inflation volatility.

4. Cost of Service Analysis

- a) Allocate costs to major functional components (supply, treatment, storage, distribution, collection, pumping, treatment, customer service).
- b) Assign costs to customer classes based on proportional use and service demands.
- c) Identify fixed versus variable cost ratios to improve revenue stability during reduced demand conditions.

5. Rate Design Alternatives

- a) Develop and evaluate multiple rate structure options for both water and sewer systems, including fixed and variable components (e.g., 60/40 or 70/30 splits), tiered or uniform volumetric rates justified by cost of service, minimum service charges, and capacity-based charges by meter size.
- b) Include pass-through mechanisms under Government Code §53756 for wholesale and treatment cost adjustments, and drought or emergency surcharge provisions.
- c) Design rates to be implemented beginning in FY 2026/27, with adjustments programmed through FY 2030/31.
- d) Analyze customer bill impacts under each alternative.

6. Capital Funding and Reserve Analysis

- a) Assess long-term capital funding needs consistent with the City's five-year CIP and master plans.
- b) Evaluate alternative funding mechanisms, including debt issuance, pay-as-you-go, and developer contributions.
- c) Review and recommend reserve policy adjustments to ensure compliance with the City's adopted standards (e.g., 4-month O&M, 12-month CIP, 1.5x debt coverage).

7. Long-Term Financial Resilience

- a) Incorporate conservation-adjusted demand projections to maintain fiscal stability under lower per-capita water use.
- b) Evaluate financial health indicators such as coverage ratios, reserve balances, and net position trends.
- c) Recommend strategies for maintaining stable service continuity despite consumption volatility and evolving regulatory mandates.

8. Community Outreach and Stakeholder Engagement

- a) Conduct up to three public meetings or workshops with City Council and/or community stakeholders.
- b) Prepare presentation materials, charts, and summaries suitable for public understanding.
- c) Present the findings of the rate study at a City Council meeting and respond to questions from the Council and the public.
- d) Provide clear and consistent messaging that explains how the proposed rates support system reliability, regulatory compliance, and reinvestment.

9. Proposition 218 Process Support

- a) Provide guidance and assistance throughout the Proposition 218 process to ensure legal and procedural compliance.
- b) Prepare draft Prop 218 notice content, rate tables, and supporting documentation for City review.
- c) Coordinate with City staff and legal counsel on notice approval, mailing, and hearing requirements.
- d) Assist staff in developing presentation materials and messaging for the public hearing.
Attend the Proposition 218 public hearing to present study findings and respond to questions from City Council and the public.

10. Deliverables

- a) Provide all work products and supporting materials necessary for City review, public communication, and formal adoption of the study, including:
- b) Draft and Final Comprehensive Water and Sewer Rate Study Report.
- c) Fully functional and City-owned rate model in Excel format, with the ability for staff to update key assumptions and scenarios.
- d) PowerPoint presentation decks for community meetings, stakeholder workshops, and the Proposition 218 public hearing.
- e) Presentation of study findings at a City Council meeting, including responses to questions from Council and the public.
- f) All electronic files, data sources, and final documentation in both electronic and hard-copy formats.

OPTIONAL TASKS: Consultant may be requested to perform the following in writing:

1. CIP Review

- a) Review the City's water and sewer capital improvement plans and master plans to understand project scopes, budgets, and fact sheets. We will discuss the projects

with staff to understand details, confidence in project budgets, risks, gaps in needed projects, and whether projects will achieve the desired outcomes.

- b) Review the City's current regulatory requirements and determine if the proposed capital projects meet the City's regulatory short and long-term obligations. If gaps are identified, recommendations will be provided to close them.
- c) Identify potential opportunities to reduce project costs or more cost-effectively achieve regulatory compliance and growth needs. Then, the next steps will be recommended to achieve those cost savings.
- d) Identify if projects have the necessary mix of asset management (renewal of existing assets) and new asset construction to meet WEF and AWWA utility best practices, metrics, and the City's objectives and level of service. For example, is system asset renewal targeting 1% of the system's annual renewal rate? If not, should asset renewal be increased to meet this rate? If yes, identify the opportunities and costs to ramp up overtime to increase asset renewal. This approach can also help prioritize asset renewal projects over new construction to meet growth needs and regulatory obligations.
- e) Review the CIP and City's Asset management program for technology and software needs. For example, should future CIPs include improvements to existing GIS, maintenance management software, and/or financial information systems to address the existing and planned new assets? If yes, discuss exact needs with staff and develop appropriate costs to include in the short-term and long-term CIPs.

2. Strategic Communications Services

Consultant may be requested to develop all meeting materials and host meetings. The City will be responsible for identifying and securing meeting locations for each open house. Consultant may develop communication materials to support engagement throughout the rate study.

Services:

- a) **Strategic Communication Framework:** A framework that includes a key message platform and recommended engagement materials, each designed to demystify the process and explain the rationale behind the rate adjustments. As requested in the RFP, the framework will specifically include messaging to explain how the proposed rates support reliability, reinvestment, and regulatory compliance. The framework will also outline the timeline for the process, including critical print and mailing deadlines for the Proposition 218 notice.
- b) **Online Microsite:** This platform provides the City with a controlled, accessible space to centralize essential information, clearly articulate justifications tied to service needs or regulatory requirements and address resident questions proactively. This approach enhances transparency and allows the City to effectively manage public perception and shape the narrative around complex issues, directly strengthening its public relations and stakeholder outreach capabilities.

- c) **Bill Insert:** This concise document will not just notify customers of the proposed changes but will walk them through what, how, and why, connecting the dots between the rates they pay and the quality of service they receive.
- d) **Infographic/Fact Sheet:** Leveraging visual storytelling, this piece will map out the utility's dedication to fairness, equity, and responsiveness to the economic landscape. It's a snapshot of our commitment to maintaining a delicate balance between operational needs and customer affordability.
- e) **FAQ List:** Designed for online accessibility and as a tool for your staff, this comprehensive list will address common concerns and queries, grounding our decisions in the utility's current financial standing and the meticulous study process that guides them.

EXHIBIT B APPROVED FEE SCHEDULE

Consultant's rate schedule is outlined in the table below.

Tasks	Meetings		Hours							Total Fees & Expenses
	Virtual	In Person	Steve Gagnon	Abi Holt	Associate Consultant	Matt Wittern	Brandon Vatter	Graphic Designer	Total Hours	
1. Project Initiation, Management, and Kick-Off	1		10	4	4	2			20	\$6,500
2. Collect and Analyze Customer Data	1		4	2	24				30	\$7,070
3(a). Financial Plan	2		8	2	40				50	\$11,890
3(b). Capital Funding and Reserve Analysis			2	1	2				5	\$1,485
4. Water and Sewer Cost-of-Service Analysis			10	2	36				48	\$11,840
5. Water and Sewer Rate Calculation	2		12	2	26				40	\$10,560
6. Three City Council or Community Rate Presentations		3	24	4	6				34	\$11,961
7(a). Proposition 218 Notice			1		1	10		6	18	\$4,720
7(b). Proposition 218 Public Hearing		1	10	2	2	1			15	\$5,267
8. Draft and Final Rate Study Reports	2		10	2	40	2			54	\$13,270
9. CIP Review	1						16		16	\$5,600
10. Strategic Communications Services			6	2		36		22	66	\$17,860
Total Meetings / Hours	9	4	97	23	181	51	16	28	396	–
Hourly Billing Rates	–	–	\$375	\$295	\$195	\$295	\$340	\$170	–	–
Total Professional Fees	–	–	\$36,375	\$6,785	\$35,295	\$15,045	\$5,440	\$4,760	–	\$103,700
Travel Expenses									\$363	
Technology Fee									\$3,960	
Total Expenses									\$4,323	
Total Fees & Expenses									\$108,023	

The pricing set forth herein shall remain in effect through January 31, 2027. Thereafter, Consultant may submit a proposed billing rate adjustment not to exceed a 3% Consumer Price Index (CPI) increase, for review and written approval by the City's Public Works Director or authorized representative, at the City's sole discretion. Consultant shall provide the City with written notice of any proposed rate increase at least thirty (30) days prior to the intended effective date.