



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

29

2. Council Meeting Date:
November 20, 2014

TO: MAYOR & COUNCIL

3. Date Prepared: November 3, 2014

THROUGH: CITY MANAGER

4. Requesting Department: Management Services

5. SUBJECT: Agreement No. MS5-918-3467 with Raftelis Financial Consultants, Inc., for a water, wastewater and reclaimed water utility rate study.

6. RECOMMENDATION: Recommend approval of Agreement No. MS5-918-3467, with Raftelis Financial Consultants, Inc., for a water, wastewater and reclaimed water utility rate study, in an amount not to exceed \$93,085.

7. BACKGROUND/DISCUSSION: City Financial Policies state that a Utility Rate Study be performed at a minimum of every four years, with internal rate analyses completed every year. Since the major restructuring of City water and wastewater rates in 2007 the City has used consultants to modify the original rate structure (Red Oak Consulting - 2009) and to establish a cost recovery rate plan for reclaimed water (Raftelis Financial Consultants - 2013). Annual internal staff analyses of all utility rate models continue to be conducted every year to develop 10-year projections for operating and capital revenues, expenses, and rate changes.

This study will evaluate the cost of delivery for water and reclaimed water and the cost of wastewater services provided to all customer categories. The study will also provide data on projected growth, operating, and capital costs, using the Water and Wastewater Master Plans to validate assumptions in the City's current water and wastewater rate models. No changes to existing usage tiers are being evaluated, but the study will examine the impact of possibly converting to a single water user rate structure from the existing summer/winter rate structure. The study will also continue the work from the 2013 study regarding reclaimed water to develop the true cost of delivery for reclaimed water, including operating and capital costs and the capacity each class receives.

The results of this study will be presented to Council in the spring of 2015 and will be part of discussions regarding rate changes being considered for implementation in October 2015.

8. EVALUATION: Raftelis Financial Consultants, Inc., were direct selected to provide the professional services to perform the water, wastewater and reclaimed water utility rate study because of their particular expertise in the water utility market as well as their detailed knowledge of the City's operations.

9. FINANCIAL IMPLICATIONS:

Cost: \$93,085.00

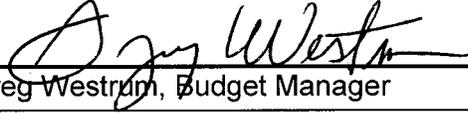
<u>Acct. No.:</u>	<u>Fund:</u>	<u>Cost Center and Acct. No. Description</u>	<u>CIP Funded:</u>	<u>Funds:</u>
605.1290.5219.0000	Water Operating	Non-Departmental/Prof. Services	No	\$34,905.00
615.1290.5219.0000	Wastewater Operating	Non-Departmental/Prof. Services	No	\$58,180.00
TOTAL				\$93,085.00

10. PROPOSED MOTION: Move to award Agreement No. MS5-918-3467, with Raftelis Financial Consultants, Inc., for a water, wastewater and reclaimed water utility rate study, in an amount not to exceed \$93,085.

ATTACHMENTS: Agreement

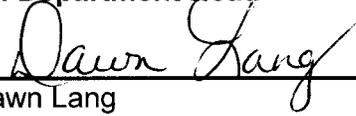
APPROVALS

11. Requesting Department



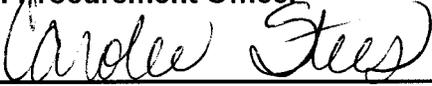
Greg Westrum, Budget Manager

13. Department Head



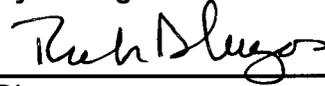
Dawn Lang

12. Procurement Officer



Carolee Stees, CPPB

14. City Manager



Rich Dlugas

**CITY OF CHANDLER
PROFESSIONAL SERVICES AGREEMENT**

Project No. MS5-918-3467

Project Name: Chandler Rate Study

THIS AGREEMENT is made and entered into this _____ day of November, 2014, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and Raffelis Financial CONSULTANTS, Inc., hereinafter referred to as "CONSULTANT".

WHEREAS, the Mayor and City Council of the City of Chandler is authorized and empowered by provisions of the City Charter to execute contracts for professional services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in the Agreement.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

1. CONTRACT ADMINISTRATOR:

1.1. To provide the professional services required by this Agreement CONSULTANT shall act under the authority and approval of the Management Services Director or designee, (the Contract Administrator), who shall oversee the execution of this Agreement, assist the CONSULTANT with any necessary information, audit billings, and approve payments. The CONSULTANT shall channel reports and special requests through the Contract Administrator.

1.2. CITY reserves the right to review and approve any/all changes to CONSULTANT'S key staff assigned to the CITY project by the firm during the term of this Agreement.

2. **SCOPE OF WORK:** CONSULTANT shall provide those services described in Exhibit B attached hereto and made a part hereof by reference.

3. **ACCEPTANCE AND DOCUMENTATION:** Each task shall be reviewed and approved by CITY to determine acceptable completion. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Agreement, shall be and remain the property of CITY and shall be delivered to CITY before final payment is made to CONSULTANT.

4. **FEE SCHEDULE:** For the services described in paragraph 2 of this Agreement, CITY shall pay CONSULTANT a fee not to exceed the sum of Ninety-three Thousand Eighty-five dollars (\$93,085) in accordance with the fee schedule attached hereto as Exhibit C and incorporated herein by reference.

5. **INVOICING:** CONSULTANT shall submit invoices to the CITY on a monthly basis for services rendered to the date thereof. Such invoices shall be supported by appropriate documentation; at a minimum, the task performed, the individuals working on such task, the level of each such individual, and expenses incurred. Each invoice will contain all hours and expenses from the CONSULTANT for the month. Upon receipt of monthly

invoice, the CITY will remit payment of same amount to the CONSULTANT within 30 days.

CONSULTANT shall invoice the CITY for travel expenses, providing a summary of such expenses with the invoice and copies of individual receipts upon request. All travel and living expenses (with the exception of per diem meal allowances) are billed at the actual costs incurred, with receipts for such costs retained by CONSULTANT in accord with IRS guidelines. Reimbursable expenses include travel cost for airfare (coach), car rental (economy), taxis, shuttles, trains, parking, tolls and fees, lodging, and a per diem to cover meals, meal tips, and incidental expenses.

The CITY shall be responsible for payment of any sales or use taxes applicable to its purchase of services under this Agreement.

CONSULTANT employees will acquire lodging consistent with business travel rates for the area of CITY'S offices. CONSULTANT employees will use the lower of corporate rate or the rate available to the CITY, if the same rate may be obtained by CONSULTANT, at designated national brand hotels whenever possible.

Meal expenses are calculated on a per diem basis using the allowed rate for the specific local or metropolitan area under the General Service Administration ("GSA) tables applicable to Federal employees traveling at government expense. GSA publishes Continental US (CONUS) per diem tables for each local or metropolitan area annually on October 1. The per diem rate includes all meals, meal tips, and incidental expenses. The per diem rate is prorated for partial days of travel away from home according to the GSA guidelines.

6. **TERM:** Following execution of this Agreement by CITY, CONSULTANT shall immediately commence work and shall complete all services described herein within 365 calendar days from the date hereof.
7. **CONFIDENTIAL INFORMATION.** CONSULTANT acknowledges and agrees that in the course of the performance of the services pursuant to this Agreement, CONSULTANT may be given access to, or come into possession of, confidential information from the CITY, of which information may contain privileged material or other confidential information. CONSULTANT acknowledges and agrees, except if required by judicial or administrative order, trial, or other governmental proceeding pertaining to this matter, that it will not use, duplicate, or divulge to others any such information belonging to or disclosed to CONSULTANT by the CITY without first obtaining written permission from the CITY. "Confidential information" as used herein, includes information, materials, products, and deliverables developed during, and discoveries and contributions made by CONSULTANT in the performance of this Agreement. All tangible embodiments of such information shall be delivered to the CITY by CONSULTANT upon termination hereof, or upon request by the CITY, whichever occurs first. The CITY acknowledges CONSULTANT has the right to maintain its own set of work papers which may contain confidential information.
8. **TERMINATION:**
 - 8.1. **Termination for Convenience:** CITY reserves the right to terminate this Contract or any part thereof for its sole convenience with thirty (30) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subcontractors to cease such work. As compensation in full for services performed to the date of such termination, the CONSULTANT shall receive a fee for the percentage of services actually performed. This fee shall be in the amount to be mutually agreed upon by the CONSULTANT and

CITY, based on the agreed Scope of Work. If there is no mutual agreement, the Management Services Director shall determine the percentage of work performed for each task detailed in the Scope of Work and the CONSULTANT's compensation shall be based upon such determination and CONSULTANT's fee scheduled included herein.

8.2 Termination for Cause: CITY may terminate this Contract for Cause upon the occurrence of any one or more of the following events:

- 1) If CONSULTANT fails to perform pursuant to the terms of this Agreement
- 2) If CONSULTANT is adjudged a bankrupt or insolvent;
- 3) If CONSULTANT makes a general assignment for the benefit of creditors;
- 4) If a trustee or receiver is appointed for CONSULTANT or for any of CONSULTANT'S property;
- 5) If CONSULTANT files a petition to take advantage of any debtor's act, or to reorganize under the bankruptcy or similar laws;
- 6) If CONSULTANT disregards laws, ordinances, rules, regulations or orders of any public body having jurisdiction;
- 7) Where Agreement has been so terminated by CITY, the termination shall not affect any rights of CITY against CONSULTANT then existing or which may thereafter accrue.

8.3. Availability of Funds for the next Fiscal Year. Funds may not presently be available under this agreement beyond the current fiscal year. No legal liability on the part of the CITY for services may arise under this agreement beyond the current fiscal year until funds are made available for performance of this agreement. The CITY may reduce services or terminate this agreement without further recourse, obligation, or penalty in the event that insufficient funds are appropriated. The CITY Manager shall have the sole and unfettered discretion in determining the availability of funds.

9. INSURANCE REQUIREMENTS: CONSULTANT shall provide and maintain the insurance as listed in Exhibit D attached hereto and made a part hereof by reference.

10. ENTIRE AGREEMENT: This Agreement constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.

11. ARIZONA LAW: This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

11.1. Pursuant to the provisions of A.R.S. § 41-4401, the CONSULTANT hereby warrants to the CITY that the CONSULTANT and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "CONSULTANT Immigration Warranty").

11.2. A breach of the CONSULTANT Immigration Warranty (Exhibit A) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.

- 11.3. The CITY retains the legal right to inspect the papers of any CONSULTANT or Subcontractor employee who works on this Contract to ensure that the CONSULTANT or Subcontractor is complying with the CONSULTANT Immigration Warranty. The CONSULTANT agrees to assist the CITY in the conduct of any such inspections.
- 11.4. The CITY may, at its sole discretion, conduct random verifications of the employment records of the CONSULTANT and any Subcontractors to ensure compliance with CONSULTANTS Immigration Warranty. The CONSULTANT agrees to assist the CITY in performing any such random verification.
- 11.5. The provisions of this Article must be included in any contract the CONSULTANT enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a CONSULTANT or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.
- 11.6. In accordance with A.R.S. §35-393.06, the CONSULTANT hereby certifies that the offeror does not have scrutinized business operations in Iran.
- 11.7. In accordance with A.R.S. §35-391.06 the CONSULTANT hereby certifies that the offeror does not have scrutinized business operations in Sudan.

12. CONFLICT OF INTEREST:

- 12.1. **No Kickback.** CONSULTANT warrants that no person has been employed or retained to solicit or secure the Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the CITY Council or any employee of the CITY has any interest, financially or otherwise, in the firm unless this interest has been declared pursuant to the provisions of A.R.S. section 38-501. Any such interests were disclosed in CONSULTANT'S proposal to the CITY.
- 12.2. **Kickback Termination.** CITY may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the CITY is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a CONSULTANT to any other party to the Agreement with respect to the subject matter of the Agreement. The cancellation shall be effective when written notice for CITY is received by all other parties, unless the notice specifies a later time (A.R.S. 38-511).
- 12.3. **No Conflict.** CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.
- 12.4. **Arizona Law.** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.
- 12.5. **Jurisdiction and Venue.** The parties agree that this Agreement is made in and shall be performed in Maricopa County. Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of Maricopa County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.

12.6. Fees and Costs. Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this Agreement is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.

13. NOTICES: All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of CITY:

City of Chandler

Purchasing Division

P.O. Box 4008, Mail Stop 901
Chandler, AZ 85244-4008
480.782. 2400

In the case of CONSULTANT:

Richard D. Giardina, Executive Vice President
Raftelis Financial CONSULTANTS, Inc.
12835 E Arapahoe Road
Tower II, Suite 600
Centennial, CO 80112-6726

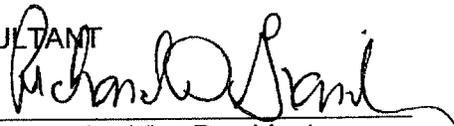
Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this ____ day of November 2014.

CITY OF CHANDLER

Mayor Date

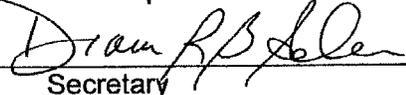
CONSULTANT

By: 
Title: Executive Vice President

APPROVE AS TO FORM

City Attorney *AB*

ATTEST: If Corporation


Secretary

ATTEST:

City Clerk

SEAL

EXHIBIT A

**CONSULTANT Immigration Warranty
To Be Completed by CONSULTANT Prior to Execution of Contract**

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the CONSULTANT and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

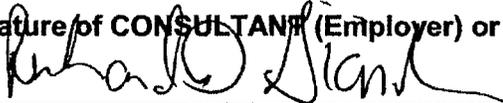
By completing and signing this form the CONSULTANT shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number: MS5-918-3467		
Name (as listed in the contract): Raftelis Financial CONSULTANTs, Inc.		
Street Name and Number: 12835 E Arapahoe Road		
CITY: Centennial	State: CO	Zip Code: 80112-6726

I hereby attest that:

1. The CONSULTANT complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;
2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of CONSULTANT (Employer) or Authorized Designee:



Printed Name: Richard D. GIARDINA

Title: Executive Vice President

Date (month/day/year): Nov 13, 2014

**EXHIBIT B
SCOPE OF WORK**

CONSULTANT shall provide professional consulting services to include:

	TASK	DELIVERY DATE	HOURS
1.	Review the CITY's existing water, wastewater and reclaimed water utility rates and make recommendations on the following:		
a.	<p>Determine the full cost to deliver reclaimed water to users, including operating and capital cost recovery and recommend rate.</p> <p style="text-align: center;"><u>Reclaimed Water Tasks</u></p> <p>Task 1: Calculate the reclaimed water revenue requirement; determine the overall cost (operating and capital) of producing reclaimed water</p> <p>Task 2: Quantify historical (no more than 3 years) reclaimed water demand for each reclaimed water customer class/major customer type</p> <p>Task 3: Forecast reclaimed water demand for the cost of service study test-year a. OMG (special contract rate; lower than the standard reclaimed water rate) CITY to provide a projection of OMG reclaimed water sales for the next 5 years B. Other Reclaimed Users (also for next 5 years)</p> <p>Task 4: Based on the Task 1 Revenue Requirement and the Task 2 and 3 demand/sales data, calculate the reclaimed water rate for OMG and all other customers</p> <p>Task 5: Work with CITY staff to analyze how the cost of service-based reclaimed water rates will impact the CITY's market penetration and policy objectives for reclaimed water and as appropriate, determine recommended reclaimed water rates</p> <p>Task 6: Finalize recommendations regarding test year reclaimed water rates after completion of related water and wastewater tasks and consultations with CITY staff</p>	January 16, 2015	32
b.	<p>Evaluate whether each customer class (single family residential, multi-family residential, industrial, and commercial) is paying its share of operating/capital cost recovery, taking into account the value of direct/indirect services and capacity each class receives.</p> <p style="text-align: center;"><u>Preliminary COS Tasks</u></p> <p>Task 1: The cost of service test year for the rate study will be Fiscal Year 2015-16.</p> <p>Task 2: Meet with CITY Staff (MS and MUD Staff) in a half-day workshop to develop an understanding of the CITY's financial planning models. This is necessary in order to</p>	January 16, 2015	28

correctly calculate the test year revenue requirement and achieve the CITY's financial/policy objectives.

Water COS Study Tasks

January 16, 2015

68

- Task 3: Calculate the test year water revenue requirement determine the overall cost (operating and capital) of producing potable water
- Task 4: Quantify historical (no more than 3 years) billed water consumption for each water customer class and major customer types
- Task 5: Quantify historical (no more than 3 years) water treatment plant production (monthly, annual, maximum day, and to the extent available, maximum hour)
- Task 6: Estimate the base, maximum day and maximum hour units of service for each water customer class/major customer type
- Task 7: Allocate the water revenue requirement to specific functional categories and cost parameters
- Task 8: Calculate the unit cost of service for each cost parameter identified in Task 7
- Task 9: Calculate the water revenue requirement for each customer class/major customer type

Wastewater COS Study Tasks

January 16, 2015

67

- Task 10: Calculate the test year wastewater revenue requirement determine the overall cost (operating and capital) of producing wastewater
- Task 11: Quantify historical (no more than 3 years) billed wastewater discharges for each customer class and major customer types; single family customers are currently not billed on a volumetric basis so it will be necessary to complete a reconciliation of flows using flows to the treatment plants and billed volumes for the non-single family accounts.
- Task 12: Quantify historical (no more than 3 years) wastewater treatment plant production (monthly and annual volumes, average strength loadings for biochemical oxygen demand, total suspended solids, etc.)
- Task 13: Estimate the volumetric flows and strength loadings for each customer class/major customer type
- Task 14: Allocate the wastewater revenue requirement to specific functional categories and cost parameters

3.	Associated travel - CITY approval required before each trip (# of meetings): <ol style="list-style-type: none"> 1. Project Start – Preliminary COS Task 2 (1) 2. Delivery of draft report to CITY staff (1) 3. Sub-committee meeting (1) 4. CITY Council meeting (1) 	December 19, 2014 March 13, 2015 TBD TBD	(hours in COS Task 2) 30 12 26
----	--	---	---

CITY shall provide the following information to CONSULTANT:

- Current Utility Rate Models
- Water and Wastewater Master Plans
- 3-5 Years of Utility Billing History
- 5-Year Forecast of Reclaimed Water Sales for OMG and "All Other" Reclaimed Customers

**EXHIBIT C
FEE SCHEDULE**

CITY shall pay CONSULTANT the sum not to exceed \$93,085 in performing the scope of services per the following table:

	TASK	HOURS	COST
1.a.	Reclaimed Water Tasks	32	\$6,280
1.b.	Preliminary COS Tasks	28	\$6,150
	Water COS Study Tasks	68	\$12,930
	Wastewater COS Study Tasks	67	\$12,630
1.c.	Water Rate Design	68	\$13,330
	Wastewater Rate Design	29	\$5,380
2.	Water 3-Year Transition to COS	47	\$8,680
	Wastewater 3-Year Transition to COS	37	\$6,565
3.	Associated Travel		
	1. Project Start – Preliminary COS Task 2		\$3,000
	2. Deliver draft report to Staff	30	\$7,220
	3. Sub-committee meeting	12	\$3,960
	4. Council meeting	26	\$6,960
	TOTAL	444	\$93,085

**EXHIBIT D
INSURANCE REQUIREMENTS**

Indemnification:

1. **Indemnification.** To the fullest extent permitted by law, CONSULTANT, its successors, assigns and guarantors, shall defend, indemnify and hold harmless CITY and any of its elected or appointed officials, officers, directors, commissioners, board members, agents or employees from and against any and all allegations, demands, claims, proceedings, suits, actions, damages, including, without limitation, property damage, environmental damages, personal injury and wrongful death claims, losses, expenses (including claim adjusting and handling expenses), penalties and fines (including, but not limited to, attorney fees, court costs, and the cost of appellate proceedings), judgments or obligations, which may be imposed upon or incurred by or asserted against the CITY by reason of this Agreement or the services performed or permissions granted under it, or related to, arising from or out of, or resulting from any negligent or intentional actions, errors, mistakes or omissions caused in whole or part by CONSULTANT, or any of its subcontractors, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, relating to the discharge of any duties or the exercise of any rights or privileges arising from or incidental to this Agreement, including but not limited to, any injury or damages claimed by any of CONSULTANT's and subcontractor's employees.

The amount and type of insurance coverage requirements set forth in the Agreement will in no way be construed as limiting the scope of indemnity in this paragraph.

Insurance:

1. General.
 - A. At the same time as execution of this Agreement, the CONSULTANT shall furnish the CITY of Chandler a certificate of insurance on a standard insurance industry ACORD form. The ACORD form must be issued by an insurance company authorized to transact business in the State of Arizona possessing a current A.M. Best, Inc. rating of A-7, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY. Provided, however, the A.M. Best rating requirement shall not be deemed to apply to required Workers' Compensation coverage.
 - B. The CONSULTANT and any of its subcontractors, subconsultants or sublicensees shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Agreement are satisfied, the insurances set forth below.
 - C. The insurance requirements set forth below are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement.
 - D. The CITY in no way warrants that the minimum insurance limits contained in this Agreement are sufficient to protect CONSULTANT from liabilities that might arise out of the performance of the Agreement services under this Agreement by CONSULTANT, its agents, representatives, employees, subcontractors, sublicensees or subconsultants and the CONSULTANT is free to purchase any additional insurance as may be determined necessary.
 - E. Failure to demand evidence of full compliance with the insurance requirements in this Agreement or failure to identify any insurance deficiency will not relieve the

CONSULTANT from, nor will it be considered a waiver of its obligation to maintain the required insurance at all times during the performance of this Agreement.

- F. **Use of SubContractors:** If any work is subcontracted in any way, the CONSULTANT shall execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements as the CITY requires of the CONSULTANT in this Agreement. The CONSULTANT is responsible for executing the Agreement with the Subcontractor and obtaining Certificates of Insurance and verifying the insurance requirements.
2. Minimum Scope And Limits Of Insurance. The CONSULTANT shall provide coverage with limits of liability not less than those stated below.
- A. *Commercial General Liability-Occurrence Form.* CONSULTANT must maintain "occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 aggregate. Said insurance must also include coverage for products and completed operations, independent contractors, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying insurance.
- B. *Automobile Liability-Any Auto or Owned, Hired and Non-Owned Vehicles Vehicle Liability:* CONSULTANT must maintain Business/Automobile Liability insurance with a limit of \$1,000,000 each accident on CONSULTANT owned, hired, and non-owned vehicles assigned to or used in the performance of the CONSULTANT's work or services under this Agreement. If any Excess or Umbrella insurance is utilized to fulfill the requirements of this paragraph, the Excess or Umbrella insurance must be "follow form" equal or broader in coverage scope than underlying insurance.
- C. *Workers Compensation and Employers Liability Insurance:* CONSULTANT must maintain Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of CONSULTANT employees engaged in the performance of work or services under this Agreement and must also maintain Employers' Liability insurance of not less than \$1,000,000 for each accident and \$1,000,000 disease for each employee.
- D. *Professional Liability.* If the Agreement is the subject of any professional services or work performed by the CONSULTANT, or if the CONSULTANT engages in any professional services or work adjunct or residual to performing the work under this Agreement, the CONSULTANT must maintain Professional Liability insurance covering errors and omissions arising out of the work or services performed by the CONSULTANT, or anyone employed by the CONSULTANT, or anyone whose acts, mistakes, errors and omissions the CONSULTANT is legally liable, with a liability limit of \$1,000,000 each claim and \$2,000,000 all claims. In the event the Professional Liability insurance policy is written on a "claims made" basis, coverage must extend for 3 years past completion and acceptance of the work or services, and the CONSULTANT, or its selected Design Professional will submit Certificates of Insurance as evidence the required coverage is in effect. The Design Professional must annually submit Certificates of Insurance citing that the applicable coverage is in force and contains the required provisions for a 3 year period.
3. Additional Policy Provisions Required.
- A. *Self-Insured Retentions Or Deductibles.* Any self-insured retentions and deductibles must be declared and approved by the CITY. If not approved, the CITY may require that

the insurer reduce or eliminate any deductible or self-insured retentions with respect to the CITY, its officers, officials, agents, employees, and volunteers.

- B. *CITY as Additional Insured.* The policies are to contain, or be endorsed to contain, the following provisions:
1. The Commercial General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions: The CITY, its officers, officials, agents, and employees are additional insureds with respect to liability arising out of activities performed by, or on behalf of, the CONSULTANT including the CITY's general supervision of the CONSULTANT; Products and Completed operations of the CONSULTANT; and automobiles owned, leased, hired, or borrowed by the CONSULTANT.
 2. The CONSULTANT's insurance must contain broad form contractual liability coverage and must not exclude liability arising out of explosion, collapse, or underground property damage hazards ("XCU") coverage.
 3. The CITY, its officers, officials, agents, and employees must be additional insureds to the full limits of liability purchased by the CONSULTANT even if those limits of liability are in excess of those required by this Agreement.
 4. The CONSULTANT's insurance coverage must be primary insurance with respect to the CITY, its officers, officials, agents, and employees. Any insurance or self-insurance maintained by the CITY, its officers, officials, agents, and employees shall be in excess of the coverage provided by the CONSULTANT and must not contribute to it.
 5. The CONSULTANT's insurance must apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 6. Coverage provided by the CONSULTANT must not be limited to the liability assumed under the indemnification provisions of this Agreement.
 7. The policies must contain a severability of interest clause and waiver of subrogation against the CITY, its officers, officials, agents, and employees, for losses arising from Work performed by the CONSULTANT for the CITY.
 8. The CONSULTANT, its successors and or assigns, are required to maintain Commercial General Liability insurance as specified in this Agreement for a minimum period of 3 years following completion and acceptance of the Work. The CONSULTANT must submit a Certificate of Insurance evidencing Commercial General Liability insurance during this 3 year period containing all the Agreement insurance requirements, including naming the CITY of Chandler, its agents, representatives, officers, directors, officials and employees as Additional Insured as required.
 9. If a Certificate of Insurance is submitted as verification of coverage, the CITY will reasonably rely upon the Certificate of Insurance as evidence of coverage but this acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this Agreement. If any of the required policies expire during the life of this Agreement, the CONSULTANT must forward renewal or replacement Certificates to the CITY within 10 days after the renewal date containing all the necessary insurance provisions.