

**ARLINGTON COUNTY, VIRGINIA  
OFFICE OF THE PURCHASING AGENT  
2100 CLARENDON BOULEVARD, SUITE 500  
ARLINGTON, VIRGINIA 22201**

**NOTICE OF CONTRACT AWARD**

Raftelis Financial Consultants 227 W Trade Street Suite 1400 Charlotte, NC 28202	DATE ISSUED: CONTRACT NO: CONTRACT TITLE:	January 16, 2019 <hr/> 17-179-RFP <hr/> Consulting services for Water and Sewer Rate Study <hr/>
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**THIS IS A NOTICE OF AWARD OF CONTRACT AND NOT AN ORDER. NO WORK IS AUTHORIZED UNTIL THE  
VENDOR RECEIVES A VALID COUNTY PURCHASE ORDER ENCUMBERING CONTRACT FUNDS.**

The contract documents consist of the terms and conditions of AGREEMENT No. 17-179-RFP including any attachments or amendments thereto.

**EFFECTIVE DATE:** January 16, 2019  
**EXPIRES:** January 15, 2021  
**RENEWALS:** NO RENEWALS  
**COMMODITY CODE(S):** 95839, 94649  
**LIVING WAGE:** N

**ATTACHMENTS:**  
AGREEMENT No. 17-179-RFP

**EMPLOYEES NOT TO BENEFIT:**  
**NO COUNTY EMPLOYEE SHALL RECEIVE ANY SHARE OR BENEFIT OF THIS CONTRACT NOT AVAILABLE TO THE  
GENERAL PUBLIC.**

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**VENDOR CONTACT:** Bart Kremps

**VENDOR TEL. NO.:** (704) 936-4438

**EMAIL ADDRESS:** [bkreps@raftelis.com](mailto:bkreps@raftelis.com)

**COUNTY CONTACT:** Krista Bourgon Abele

**COUNTY TEL. NO.:** (703) 228-3601

**COUNTY EMAIL:** [Kabele@arlingtonva.us](mailto:Kabele@arlingtonva.us)

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**Notice issued by:**  
Igor Scherbakov, CPPB  
Procurement Officer

**ARLINGTON COUNTY, VIRGINIA  
OFFICE OF THE PURCHASING AGENT  
2100 CLARENDON BOULEVARD, SUITE 500  
ARLINGTON, VA 22201**

**AGREEMENT NO. 17-179-RFP**

THIS AGREEMENT is made, on the date of execution by the County, between Raftelis Financial Consultants, Inc (“Contractor”), a North Carolina Corporation, with its principal place of business at 227 W Trade Street, Suite 1400, Charlotte, NC 28202, that is authorized to do business in the Commonwealth of Virginia, and the County Board of Arlington County, Virginia (“County”). The County and the Contractor, for the consideration hereinafter specified, agree as follows:

**1. CONTRACT DOCUMENTS**

The “Contract Documents” consist of:

- This Agreement
- Attachment A – Scope of Work
- Attachment B – Contract Pricing
- Attachment C – County Nondisclosure and Data Security Agreement (Contractor)
- Attachment D – County Nondisclosure and Data Security Agreement (Individual)

Where the terms and provisions of this Agreement vary from the terms and provisions of the other Contract Documents, the terms and provisions of this Agreement will prevail over the other Contract Documents, and the remaining Contract Documents will be complementary to each other. If there are any conflicts, the most stringent terms or provisions will prevail.

The Contract Documents set forth the entire agreement between the County and the Contractor. The County and the Contractor agree that no representative or agent of either party has made any representation or promise with respect to the parties’ agreement that is not contained in the Contract Documents. The Contract Documents may be referred to below as the “Contract” or the “Agreement”.

**2. SCOPE OF WORK**

The Contractor agrees to perform the services described in the Contract Documents (the “Work”). As detailed in the “Scope of Work” (Attachment A), the primary purpose of the Work is a comprehensive analysis of the financial soundness of the Arlington County, Virginia, water and wastewater funds and evaluation of the current water and sewer utility rate levels and fees to assure the continued viability and sufficiency of the water and wastewater enterprise and equity to the County’s customers. It will be the Contractor’s responsibility, at its sole cost, to provide the specific services set forth in the Contract Documents and sufficient services to fulfill the purposes of the Work. Nothing in the Contract Documents limits the Contractor’s responsibility to manage the details and execution of the Work.

**3. PROJECT OFFICER**

The performance of the Contractor is subject to the review and approval of the County Project Officer, who will be appointed by the Director of the Arlington County department or agency requesting the Work under this Contract.

**4. CONTRACT TERM**

Time is of the essence. The Work will commence on the date of the execution of the Agreement by the County and must be completed no later than 24 calendar months from the date of the contract execution ("Initial Contract Term"), subject to any modifications provided in the Contract Documents. Upon satisfactory performance by the Contractor the County may, through issuance of a unilateral Notice of Award, authorize continuation of the Agreement under the same contract prices for not more than three (3) additional 12-month periods (each a "Subsequent Contract Term"). The Initial Contract Term and any Subsequent Contract Term(s) are together the "Contract Term".

**5. CONTRACT AMOUNT**

The County will pay the Contractor in accordance with the terms of the Payment section below and of Attachment B for the Contractor's completion of the Work as required by the Contract Documents. The Contractor will complete the Work for the total amount specified in this section ("Contract Amount").

The County will not compensate the Contractor for any goods or services beyond those included in Attachment A unless those additional goods or services are covered by a fully executed amendment to this Contract. Additional services will be billed at the rates set forth in Attachment B unless otherwise agreed by the parties in writing.

**6. CONTRACT PRICE ADJUSTMENTS**

The Contract Amount/unit price(s) will remain firm until year four (4) of the contract term ("Price Adjustment Date"). To request a price adjustment, the Contractor or the County must submit a written request to the other party not less than 60 days before the Price Adjustment Date. 2.5% annually.

Any Contract Amount/unit price(s) that result from this provision will become effective the day after the Price Adjustment Date and will be binding for 12 months. The new Price Adjustment Date will be 12 months after the price adjustment.

If the Contractor and the County have not agreed on a requested adjustment by 30 days before the Price Adjustment Date, the County may terminate the Contract, whether or not the County has previously elected to extend the Contract's term.

**7. PAYMENT**

The Contractor must submit invoices to the County's Project Officer, who will either approve the invoice or require corrections. The County will pay the Contractor within 30 days after receipt of an invoice for completed work that is reasonable and allocable to the Contract and that has been performed to the satisfaction of the Project Officer. The number of the County Purchase Order pursuant to which goods or services have been delivered or performed must appear on all invoices.

**8. REIMBURSABLE EXPENSES**

The County will not reimburse the Contractor for any expenses under this Contract except for travel expenses as described below.

**9. REIMBURSABLE TRAVEL-RELATED EXPENSES**

The County will not reimburse the Contractor for travel-related expenses for employees located within the greater Baltimore-Washington Metropolitan Area, as defined by the United States Office of

Management and Budget. For employees located outside this area, the County will reimburse for pre-approved travel-related expenses, documented with receipts, as follows:

Meals: The County will reimburse at the U.S. General Services Administration's ("GSA") per diem rates for the destination, current for the date of travel, with the first and last days of travel counted at 75% of the per diem rate.

Lodging: The County will reimburse for actual lodging costs at a reasonably priced commercial facility in the immediate area of where the Work is performed, up to the GSA's daily rates for the destination, current for the date of travel. Receipts for lodging must be itemized. Only room and tax charges will be reimbursed; no reimbursement will be made for additional expenses, including but not limited to, room service, laundry, telephone and in-room movies. If the Contractor or its employee shares a room with another person who is not connected with the performance of the Work, including a spouse, the County will reimburse for only the cost of a single room.

The applicable GSA per diem rates can be obtained at <http://www.gsa.gov/portal/content/104877>.

Transportation:

General

Reservations must be made in advance whenever possible to take advantage of all available discounts.

Ground Transportation

Use of public transportation is encouraged. The County will reimburse for the business use of personal or company vehicles, if allowed, at the GSA's mileage rates current at the time of travel. The Contractor's request for reimbursement may not include any personal use of the vehicle.

The County may approve reimbursement for rental of vehicles or use of taxicabs if the Contractor can demonstrate that to be the most economical option. Any reimbursement will cover only those rental charges, insurance and/or fuel fees allocable to work on the Contract and will not cover the purchase of liability insurance and/or collision/comprehensive insurance if the Contractor's or the employee's existing insurance coverage provides such protection.

Air Travel

The County will reimburse for air travel at the lowest available fare, typically economy. Tickets must be purchased at least seven days in advance, unless otherwise approved by the County.

Time limit: The County will not honor requests for travel reimbursement that are submitted more than 60 days after completion of the travel.

Non-reimbursable Expenses: The County will never reimburse for the following expenses:

1. Alcoholic beverages
2. Personal phone calls
3. Entertainment (e.g. pay TV, movies, night clubs, health clubs, theaters, bowling)
4. Personal expenses (e.g. laundry, valet, haircuts)
5. Personal travel insurance (e.g. life, medical, or property insurance) for airfare or rental cars
6. Auto repairs, maintenance and insurance costs for personal vehicles

**10. PAYMENT OF SUBCONTRACTORS**

The Contractor is obligated to take one of the two following actions within seven days after receipt of payment by the County for work performed by any subcontractor under this Contract:

- a. Pay the subcontractor for the proportionate share of the total payment received from the County attributable to the work performed by the subcontractor under this Contract; or
- b. Notify the County and the subcontractor, in writing, of the Contractor's intention to withhold all or a part of the subcontractor's payment, with the reason for nonpayment.

The Contractor is obligated to pay interest to the subcontractor on all amounts owed by the Contractor to the subcontractor that remain unpaid after seven days following receipt by the Contractor of payment from the County for work performed by the subcontractor under this Contract, except for amounts withheld as allowed in subsection b., above. Unless otherwise provided under the terms of this Contract, interest will accrue at the rate of 1% per month.

The Contractor must include in each of its subcontracts, if any are permitted, a provision requiring each subcontractor to include or otherwise be subject to the same payment and interest requirements with respect to each lower-tier subcontractor.

The Contractor's obligation to pay an interest charge to a subcontractor pursuant to this section may not be construed to be an obligation of the County. A Contract modification may not be made for the purpose of providing reimbursement for such interest charge. A cost reimbursement claim may not include any amount for reimbursement for such interest charge.

**11. NO WAIVER OF RIGHTS**

The County's approval or acceptance of or payment for any goods or services under this Contract will not waive any rights or causes of action arising out of the Contract.

**12. NON-APPROPRIATION**

All payments by the County to the Contractor pursuant to this Contract are subject to the availability of an annual appropriation for this purpose by the County Board of Arlington County, Virginia ("Board"). In the event that the Board does not appropriate funds for the goods or services provided under this Contract, the County will terminate the Contract, without termination charge or other liability to the County, on the last day of the fiscal year or when the previous appropriation has been spent, whichever event occurs first.

**13. ESTIMATED QUANTITIES/NON-EXCLUSIVITY OF CONTRACTOR**

This Contract does not obligate the County to purchase a specific quantity of items or services during the Contract Term. Any quantities that are included in the Contract Documents are the present expectations of the County for the period of the Contract; and the County is under no obligation to buy that or any amount as a result of having provided this estimate or of having had any normal or otherwise measurable requirement in the past. The County may require more goods and/or services than the estimated annual quantities, and any such additional quantities will not give rise to any claim for compensation other than at the unit prices and/or rates in the Contract.

The County does not guarantee that the Contractor will be the exclusive provider of the goods or services covered by this Contract. The items or services covered by this Contract may be or become available under other County contract(s), and the County may determine that it is in its best interest to procure the items or services through those contract(s).

**14. COUNTY PURCHASE ORDER REQUIREMENT**

County purchases are authorized only if the County issues a Purchase Order in advance of the transaction, indicating that the ordering County agency has sufficient funds available to pay for the purchase. If the Contractor provides goods or services without a signed County Purchase Order, it does so at its own risk and expense. The County will not be liable for payment for any purchases made by its employees that are not authorized by the County Purchasing Agent.

**15. REPLACEMENT OF PERSONNEL AND SUBCONTRACTORS**

The County has the right reasonably to reject staff or subcontractors whom the Contractor assigns to the project. The Contractor must then provide replacement staff or subcontractors satisfactory to the County in a timely manner and at no additional cost to the County. The day-to-day supervision and control of the Contractor's and its subcontractors' employees is the sole responsibility of the Contractor.

The Contractor may not replace key personnel or subcontractors identified in its proposal, including the approved Project Manager, without the County's written approval. The Contractor must submit any request to remove or replace key personnel or subcontractors to the County Project Officer at least 15 calendar days in advance of the proposed action. The request must contain a detailed justification, including identification of the proposed replacement and his or her qualifications.

If the approved Project Manager must be absent for an extended period, the Contractor must provide an interim Project Manager, subject to the County's written approval.

If the approved Project Manager resigns or is terminated by the Contractor, the Contractor will replace the Project Manager with an individual with similar qualifications and experience, subject to the County's written approval.

**16. EMPLOYMENT DISCRIMINATION BY CONTRACTOR PROHIBITED**

During the performance of its work pursuant to this Contract:

- A. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age or disability or on any other basis prohibited by state law. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- B. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation will be deemed sufficient for meeting the requirements of this section.
- C. The Contractor will state in all solicitations or advertisements for employees that it places or causes to be placed that such Contractor is an Equal Opportunity Employer.
- D. The Contractor will comply with the provisions of the Americans with Disabilities Act of 1990 ("ADA"), which prohibits discrimination against individuals with disabilities in employment

and mandates that disabled individuals be provided access to publicly and privately provided services and activities.

- E. The Contractor must include the provisions of the foregoing paragraphs in every subcontract or purchase order of more than \$10,000.00 relating to this Contract so that the provisions will be binding upon each subcontractor or vendor.

**17. EMPLOYMENT OF UNAUTHORIZED ALIENS PROHIBITED**

In accordance with §2.2-4311.1 of the Code of Virginia, as amended, the Contractor must not during the performance of this Contract knowingly employ an unauthorized alien, as that term is defined in the federal Immigration Reform and Control Act of 1986.

**18. DRUG-FREE WORKPLACE TO BE MAINTAINED BY CONTRACTOR**

During the performance of this Contract, the Contractor must: (i) provide a drug-free workplace for its employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violating such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of more than \$10,000.00 relating to this Contract so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "workplace" means the site(s) for the performance of the work required by this Contract.

**19. TERMINATION**

The County may terminate this Contract at any time as follows: (1) for cause, if, as determined by the County, the Contractor is in breach or default or has failed to perform the Work satisfactorily; or (2) for the convenience of the County.

Upon receipt of a notice of termination, the Contractor must not place any further orders or subcontracts for materials, services or facilities; must terminate all vendors and subcontracts, except as are necessary for the completion of any portion of the Work that the County did not terminate; and must immediately deliver all documents related to the terminated Work to the County.

Any purchases that the Contractor makes after the notice of termination will be the sole responsibility of the Contractor, unless the County has approved the purchases in writing as necessary for completion of any portion of the Work that the County did not terminate.

If any court of competent jurisdiction finds a termination for cause by the County to be improper, then the termination will be deemed a termination for convenience.

**A. TERMINATION FOR CAUSE, INCLUDING BREACH AND DEFAULT; CURE**

- 1. Termination for Unsatisfactory Performance. If the County determines that the Contractor has failed to perform satisfactorily, then the County will give the Contractor written notice of such failure(s) and the opportunity to cure them within 15 days or any other period specified

by the County ("Cure Period"). If the Contractor fails to cure within the Cure Period, the County may terminate the Contract for failure to provide satisfactory performance by providing written notice with a termination date. The Contractor must submit any request for termination costs, with all supporting documentation, to the County Project Officer within 30 days after the expiration of the Cure Period. The County may accept or reject the request for termination costs, in whole or in part, and may notify the Contractor of its decision within a reasonable time.

In the event of termination by the County for failure to perform satisfactorily, the Contractor must continue to provide its services as previously scheduled through the termination date, and the County must continue to pay all fees and charges incurred through the termination date.

2. Termination for Breach or Default. If the County terminates the Contract for default or breach of any Contract provision or condition, then the termination will be immediate after notice of termination to the Contractor (unless the County provides for an opportunity to cure), and the Contractor will not be permitted to seek termination costs.

Upon any termination pursuant to this section, the Contractor will be liable to the County for costs that the County must expend to complete the Work, including costs resulting from any related delays and from unsatisfactory or non-compliant work performed by the Contractor or its subcontractors. The County will deduct such costs from any amount due to the Contractor; or if the County does not owe the Contractor, the Contractor must promptly pay the costs within 15 days of a demand by the County. This section does not limit the County's recovery of any other damages to which it is entitled by law.

Except as otherwise directed by the County, the Contractor must stop work on the date of receipt the notice of the termination.

#### B. TERMINATION FOR THE CONVENIENCE OF THE COUNTY

The County may terminate this Contract in whole or in part whenever the Purchasing Agent determines that termination is in the County's best interest. The County will give the Contractor at least 15 days' notice in writing. The notice must specify the extent to which the Contract is terminated and the effective termination date. The Contractor will be entitled to termination costs, plus any other reasonable amounts that the parties might negotiate; but no amount will be allowed for anticipatory profits.

Except as otherwise directed by the County, the Contractor must stop work on the date of receipt of the notice of the termination.

#### **20. INDEMNIFICATION (Note: Virginia law does not permit the County to indemnify others; cross indemnity provisions are not acceptable to the County)**

The Contractor covenants for itself, its employees and its subcontractors to save, defend, hold harmless and indemnify the County and all of its elected and appointed officials, officers, current and former employees, agents, departments, agencies, boards and commissions (collectively the "County Indemnitees") from and against any and all claims made by third parties for any and all losses, damages, injuries, fines, penalties, costs (including court costs and attorneys' fees), charges, liability, demands or exposure resulting from, arising out of or in any way connected with the Contractor's acts or omissions,



including the acts or omissions of its employees and/or subcontractors, in performance or nonperformance of the Contract. This duty to save, defend, hold harmless and indemnify will survive the termination of this Contract. If the Contractor fails or refuses to fulfill its obligations contained in this section, the Contractor must reimburse the County for any and all resulting payments and expenses, including reasonable attorneys' fees. The Contractor must pay such expenses upon demand by the County, and failure to do so may result in the County withholding such amounts from any payments to the Contractor under this Contract.

**21. INTELLECTUAL PROPERTY INDEMNIFICATION**

The Contractor warrants and guarantees that in providing services under this Contract neither the Contractor nor any subcontractor is infringing on the intellectual property rights (including, but not limited to, copyright, patent, mask and trademark) of third parties.

If the Contractor or any of its employees or subcontractors uses any design, device, work or material that is covered by patent or copyright, it is understood that the Contract Amount includes all royalties, licensing fees, and any other costs arising from such use in connection with the Work under this Contract.

The Contractor covenants for itself, its employees and its subcontractors to save, defend, hold harmless, and indemnify the County Indemnitees, as defined above, from and against any and all claims, losses, damages, injuries, fines, penalties, costs (including court costs and attorneys' fees), charges, liability or exposure for infringement of or on account of any trademark, copyright, patented or unpatented invention, process or article manufactured or used in the performance of this Contract. This duty to save, defend, hold harmless and indemnify will survive the termination of this Contract. If the Contractor fails or refuses to fulfill its obligations contained in this section, the Contractor must reimburse the County for any and all resulting payments and expenses, including reasonable attorneys' fees. The Contractor must pay such expenses upon demand by the County, and failure to do so may result in the County withholding such amounts from any payments to the Contractor under this Contract.

**22. COPYRIGHT**

By this Contract, the Contractor irrevocably transfers, assigns, sets over and conveys to the County all rights, title and interest, including the sole exclusive and complete copyright interest, in any and all copyrightable works created pursuant to this Contract. The Contractor will execute any documents that the County requests to formalize such transfer or assignment.

The rights granted to the County by this section are irrevocable and may not be rescinded or modified, including in connection with or as a result of the termination of or a dispute concerning this Contract.

The Contractor may not use subcontractors or third parties to develop or provide input into any copyrightable materials produced pursuant to this Contract without the County's advance written approval and unless the Contractor includes this Copyright provision in any contract or agreement with such subcontractors or third parties related to this Contract.

**23. OWNERSHIP OF WORK PRODUCT**

This Contract does not confer on the Contractor any ownership rights or rights to use or disclose the County's data or inputs.

All work product, in any form, that results from this Contract is the property of the County and must be provided or returned to the County upon completion, termination, or cancellation of this Contract. The

Contractor will not use or allow others to use the work product for any purpose other than performance of this Contract without the written consent of the County.

The work product is confidential, and the Contractor may neither release the work product nor share its contents. The Contractor will refer all inquiries regarding the status of any work product to the Project Officer or to his or her designee. At the County's request, the Contractor will deliver all work product, including hard copies of electronic files, to the Project Officer and will destroy all electronic files.

The Contractor must include the provisions of this section as part of any contract or agreement related to this Contract into which it enters with subcontractors or other third parties.

The provisions of this section will survive any termination or cancellation of this Contract.

#### **24. DATA SECURITY AND PROTECTION**

The Contractor will hold County Information, as defined below, in the strictest confidence and will comply with all applicable County security and network resources policies, as well as all local, state and federal laws and regulatory requirements concerning data privacy and security. The Contractor must develop, implement, maintain, continually monitor and use appropriate administrative, technical and physical security measures to control access to and to preserve the confidentiality, privacy, integrity and availability of all electronically maintained or transmitted information received from or created or maintained on behalf of the County. For purposes of this provision, and as more fully described in this Contract and in the County's Non-Disclosure and Data Security Agreement (NDA), "County Information" includes, but is not limited to, electronic information; documents; data; images; financial records; personally identifiable information; personal health information (PHI); personnel, educational, voting, registration, tax and assessment records; information related to public safety; County networked resources; and County databases, software and security measures that are created, maintained, transmitted or accessed to perform the Work under this Contract.

- (a) **County's Non-Disclosure and Data Security Agreement.** The Contractor and its Designees (Contractor Designees shall include, but shall not be limited to, all Contractor-controlled agents or subcontractors working on-site at County facilities or otherwise performing any work under this Contract) must sign the NDA (Attachment C) before performing any work or obtaining or permitting access to County networked resources, application systems or databases. The Contractor will make copies of the signed NDAs available to the County Project Officer upon request.
- (b) **Use of Data.** The Contractor will ensure against any unauthorized use, distribution or disclosure of or access to County Information and County networked resources by itself or its Designees. Use of County Information other than as specifically outlined in the Contract Documents is strictly prohibited. The Contractor will be solely responsible for any unauthorized use, reuse, distribution, transmission, manipulation, copying, modification, access to or disclosure of County Information and for any non-compliance with this provision by itself or by its Designees.
- (c) **Data Protection.** The Contractor will protect the County's Information according to standards established by the National Institute of Standards and Technology, including 201 CMR 17.00, Standards for the Protection of Personal Information of Residents of the Commonwealth and the Payment Card Industry Data Security Standard (PCI DSS), as

applicable, and no less rigorously than it protects its own data and proprietary or confidential information. The Contractor must provide to the County a copy of its data security policy and procedures for securing County Information and a copy of its disaster recovery plan(s). If requested by the County, the Contractor must also provide annually the results of an internal Information Security Risk Assessment provided by an outside firm.

- (d) **Security Requirements.** The Contractor must maintain the most up-to-date anti-virus programs, industry-accepted firewalls and other protections on its systems and networking equipment. The Contractor certifies that all systems and networking equipment that support, interact with or store County Information meet the above standards and industry best practices for physical, network and system security requirements. Printers, copiers or fax machines that store County Data into hard drives must provide data-at-rest encryption. The County's Chief Information Security Officer or designee must approve any deviation from these standards. The downloading of County information onto laptops, other portable storage media or services such as personal e-mail, Dropbox etc. is prohibited without the written authorization of the County's Chief Information Security Officer or designee.
- (e) **Conclusion of Contract.** Within 30 days after the termination, cancellation, expiration or other conclusion of the Contract, the Contractor must, at no cost to the County, return all County Information to the County in a format defined by the County Project Officer. The County may request that the Information be destroyed. The Contractor is responsible for ensuring the return and/or destruction of all Information that is in the possession of its subcontractors or agents. The Contractor must certify completion of this task in writing to the County Project Officer.
- (f) **Notification of Security Incidents.** The Contractor must notify the County Chief Information Officer and County Project Officer within 24 hours of the discovery of any unintended access to or use or disclosure of County Information.
- (g) **Subcontractors.** If subcontractors are permitted under this Contract, the requirements of this entire section must be incorporated into any agreement between the Contractor and the subcontractor. If the subcontractor will have access to County Information, each subcontractor must provide to the Contractor a copy of its data security policy and procedures for securing County Information and a copy of its disaster recovery plan(s).

## **25. \* ETHICS IN PUBLIC CONTRACTING**

This Contract incorporates by reference Article 9 of the Arlington County Purchasing Resolution, as well as all state and federal laws related to ethics, conflicts of interest or bribery, including the State and Local Government Conflict of Interests Act (Code of Virginia § 2.2-3100 et seq.), the Virginia Governmental Frauds Act (Code of Virginia § 18.2-498.1 et seq.) and Articles 2 and 3 of Chapter 10 of Title 18.2 of the Code of Virginia, as amended (§ 18.2-438 et seq.). The Contractor certifies that its proposal was made without collusion or fraud; that it has not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer or subcontractor; and that it has not conferred on any public employee having official responsibility for this procurement any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

## **26. COUNTY EMPLOYEES**

No Arlington County employee may share in any part of this Contract or receive any benefit from the Contract that is not available to the general public.

**27. FORCE MAJEURE**

Neither party will be held responsible for failure to perform the duties and responsibilities imposed by this Contract if such failure is due to a fire, riot, rebellion, natural disaster, war, act of terrorism or act of God that is beyond the control of the party and that makes performance impossible or illegal, unless otherwise specified in the Contract.

**28. AUTHORITY TO TRANSACT BUSINESS**

The Contractor must, pursuant to Code of Virginia § 2.2-4311.2, be and remain authorized to transact business in the Commonwealth of Virginia during the entire term of this Contract. Otherwise, the Contract is voidable at the sole option of and with no expense to the County.

**29. RELATION TO COUNTY**

The Contractor is an independent contractor, and neither the Contractor nor its employees or subcontractors will be considered employees, servants or agents of the County. The County will not be responsible for any negligence or other wrongdoing by the Contractor or its employees, servants or agents. The County will not withhold payments to the Contractor for any federal or state unemployment taxes, federal or state income taxes or Social Security tax or for any other benefits. The County will not provide to the Contractor any insurance coverage or other benefits, including workers' compensation.

**30. ANTITRUST**

The Contractor conveys, sells, assigns and transfers to the County all rights, title and interest in and to all causes of action under state or federal antitrust laws that the Contractor may have relating to this Contract.

**31. REPORT STANDARDS**

The Contractor must submit all written reports required by this Contract for advance review in a format approved by the Project Officer. Reports must be accurate and grammatically correct and should not contain spelling errors. The Contractor will bear the cost of correcting grammatical or spelling errors and inaccurate report data and of other revisions that are required to bring the report(s) into compliance with this section.

Whenever possible, proposals must comply with the following guidelines:

- printed double-sided on at least 30% recycled-content and/or tree-free paper
- recyclable and/or easily removable covers or binders made from recycled materials (proposals with glued bindings that meet all other requirements are acceptable)
- avoid use of plastic covers or dividers
- avoid unnecessary attachments or documents or superfluous use of paper (e.g. separate title sheets or chapter dividers)

**32. AUDIT**

The Contractor must retain all books, records and other documents related to this Contract for at least five years after the final payment and must allow the County or its authorized agents to examine the documents during this period and during the Contract Term. The Contractor must provide any requested documents to the County for examination within 15 days of the request, at the Contractor's expense.

Should the County's examination reveal any overcharging by the Contractor, the Contractor must, within 30 days of County's request, reimburse the County for the overcharges and for the reasonable costs of the County's examination, including, but not limited to, the services of external audit firm and attorney's fees; or the County may deduct the overcharges and examination costs from any amount that the County owes to the Contractor. If the Contractor wishes to destroy or dispose of any records related to this Contract (including confidential records to which the County does not have ready access) within five years after the final payment, the Contractor must give the County at least 30 days' notice and must not dispose of the documents if the County objects.

**33. ASSIGNMENT**

The Contractor may not assign, transfer, convey or otherwise dispose of any award or any of its rights, obligations or interests under this Contract without the prior written consent of the County.

**34. AMENDMENTS**

This Contract may not be modified except by written amendment executed by persons duly authorized to bind the Contractor and the County.

**35. ARLINGTON COUNTY PURCHASING RESOLUTION AND COUNTY POLICIES**

Nothing in this Contract waives any provision of the Arlington County Purchasing Resolution, which is incorporated herein by reference, or any applicable County policy.

**36. DISPUTE RESOLUTION**

All disputes arising under this Agreement or concerning its interpretation, whether involving law or fact and including but not limited to claims for additional work, compensation or time, and all claims for alleged breach of contract must be submitted in writing to the Project Officer as soon as the basis for the claim arises. In accordance with the Arlington County Purchasing Resolution, claims denied by the Project Officer may be submitted to the County Manager in writing no later than 60 days after the final payment. The time limit for a final written decision by the County Manager is 30 days. Procedures concerning contractual claims, disputes, administrative appeals and protests are contained in the Arlington County Purchasing Resolution. The Contractor must continue to work as scheduled pending a decision of the Project Officer, County Manager, County Board or a court of law.

**37. APPLICABLE LAW, FORUM, VENUE AND JURISDICTION**

This Contract is governed in all respects by the laws of the Commonwealth of Virginia; and the jurisdiction, forum and venue for any litigation concerning the Contract or the Work is in the Circuit Court for Arlington County, Virginia, and in no other court.

**38. ARBITRATION**

No claim arising under or related to this Contract may be subject to arbitration.

**39. NONEXCLUSIVITY OF REMEDIES**

All remedies available to the County under this Contract are cumulative, and no remedy will be exclusive of any other at law or in equity.

**40. NO WAIVER**

The failure to exercise a right provided for in this Contract will not be a subsequent waiver of the same right or of any other right.

**41. SEVERABILITY**

The sections, paragraphs, clauses, sentences, and phrases of this Contract are severable; and if any section, paragraph, clause, sentence or phrase of this Contract is declared invalid by a court of competent jurisdiction, the rest of the Contract will remain in effect.

**42. ATTORNEY'S FEES**

The County is entitled to attorney's fees and costs that it incurs to enforce any provision of this Contract.

**43. SURVIVAL OF TERMS**

In addition to any statement that a specific term or paragraph survives the expiration or termination of this Contract, the following sections also survive: INDEMNIFICATION; INTELLECTUAL PROPERTY INDEMNIFICATION; RELATION TO COUNTY; OWNERSHIP OF WORK PRODUCT; AUDIT; COPYRIGHT; DISPUTE RESOLUTION; APPLICABLE LAW AND JURISDICTION; ATTORNEY'S FEES, AND DATA SECURITY AND PROTECTION.

**44. HEADINGS**

The section headings in this Contract are inserted only for convenience and do not affect the substance of the Contract or limit the sections' scope.

**45. AMBIGUITIES**

The parties and their counsel have participated fully in the drafting of this Agreement; and any rule that ambiguities are to be resolved against the drafting party does not apply. The language in this Agreement is to be interpreted as to its plain meaning and not strictly for or against any party.

**46. NOTICES**

Unless otherwise provided in writing, all legal notices and other communications required by this Contract are deemed to have been given when either (a) delivered in person; (b) delivered by an agent, such as a delivery service; or (c) deposited in the United States mail, postage prepaid, certified or registered and addressed as follows:

**TO THE CONTRACTOR:**

Bart Kreps  
Raftelis Financial Consultants, Inc  
227 W Trade St, Ste 1400  
Charlotte, NC 28202

**TO THE COUNTY:**

Krista Bourgon Abele, Project Officer  
2100 Clarendon Blvd, Suite 900  
Arlington, VA 22201  
\_\_\_\_\_

AND

Sharon T. Lewis, Purchasing Division Chief

Arlington County, Virginia  
2100 Clarendon Boulevard, Suite 500  
Arlington, Virginia 22201

**47. ARLINGTON COUNTY BUSINESS LICENSES**

The Contractor must comply with the provisions of Chapter 11 ("Licenses") of the Arlington County Code, if applicable. For information on the provisions of that Chapter and its applicability to this Contract, the Contractor must contact the Arlington County Business License Division, Office of the Commissioner of the Revenue, 2100 Clarendon Blvd., Suite 200, Arlington, Virginia, 22201, telephone number (703) 228-3060.

**48. NON-DISCRIMINATION NOTICE**

Arlington County does not discriminate against faith-based organizations.

**49. LIMITED ENGLISH PROFICIENCY**

The Contractor must comply with Executive Order 13166, Title VI of the Civil Rights Act of 1964 and make reasonable efforts to ensure that as part of the services that it provides, adequate communication services, including interpretation and translation, are available to persons who have limited English proficiency. If such services are not included in the Contract's scope of services and pricing, the Contractor will use a County-contracted service provider, and the County will pay the fees.

**50. INSURANCE REQUIREMENTS**

Before beginning work under the Contract or any extension, the Contractor must provide to the County Purchasing Agent a Certificate of Insurance indicating that the Contractor has in force at a minimum the coverage below. The Contractor must maintain this coverage until the completion of the Contract or as otherwise stated in the Contract Documents. All required insurance coverage must be acquired from insurers that are authorized to do business in the Commonwealth of Virginia, with a rating of "A-" or better and a financial size of "Class VII" or better in the latest edition of the A.M. Best Co. Guides.

- a. Workers Compensation - Virginia statutory workers compensation (W/C) coverage, including Virginia benefits and employer's liability with limits of \$100,000/100,000/500,000. The County will not accept W/C coverage issued by the Injured Worker's Insurance Fund, Towson, MD.
- b. Commercial General Liability - \$1,000,000 per occurrence, with \$2,000,000 annual aggregate covering all premises and operations and including personal injury, completed operations, contractual liability, independent contractors, and products liability. The general aggregate limit must apply to this Contract. Evidence of contractual liability coverage must be typed on the certificate.
- c. Business Automobile Liability - \$1,000,000 combined single-limit (owned, non-owned and hired).
- a. Additional Insured – The County and its officers, elected and appointed officials, employees and agents must be named as additional insureds on all policies except workers compensation and automotive and professional liability; and the additional insured endorsement must be typed on the certificate.

- b. Cancellation - If there is a material change or reduction in or cancellation of any of the above coverages during the Contract Term, the Contractor must notify the Purchasing Agent immediately and must, with no lapse in coverage, obtain replacement coverage that is consistent with the terms of this Contract. Not having the required insurance throughout the Contract Term is grounds for termination of the Contract.
- c. Claims-Made Coverage - Any "claims made" policy must remain in force, or the Contractor must obtain an extended reporting endorsement, until the applicable statute of limitations for any claims has expired.
- d. Contract Identification - All insurance certificates must state this Contract's number and title.

The Contractor must disclose to the County the amount of any deductible or self-insurance component of any of the required policies. With the County's approval, the Contractor may satisfy its obligations under this section by self-insurance for all or any part of the insurance required, provided that the Contractor can demonstrate sufficient financial capacity. In order to do so, the Contractor must provide the County with its most recent actuarial report and a copy of its self-insurance resolution.

The County may request additional information to determine if the Contractor has the financial capacity to meet its obligations under a deductible and may require a lower deductible; that funds equal to the deductible be placed in escrow; a certificate of self-insurance; collateral; or another mechanism to guarantee the amount of the deductible and ensure protection for the County.

The County's acceptance or approval of any insurance will not relieve the Contractor from any liability or obligation imposed by the Contract Documents.


The Contractor is responsible for the Work and for all materials, tools, equipment, appliances and property used in connection with the Work. The Contractor assumes all risks for direct and indirect damage or injury to the property used or persons employed in connection with the Work and for of all damage or injury to any person or property, wherever located, resulting from any action, omission, commission or operation under the Contract or in connection in any way whatsoever with the Work. The Contractor's insurance shall be the primary non-contributory insurance for any work performed under this Contract.

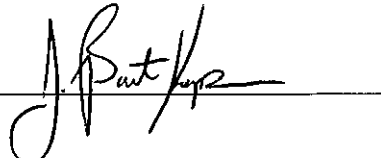
The Contractor is as fully responsible to the County for the acts and omissions of its subcontractors and of persons employed by them as it is for acts and omissions of persons whom the Contractor employs directly.

WITNESS these signatures:

THE COUNTY BOARD OF ARLINGTON  
COUNTY, VIRGINIA

RAFTELIS FINANCIAL CONSULTANTS, INC

AUTHORIZED  
SIGNATURE: 

AUTHORIZED  
SIGNATURE: 



NAME: IGOR SCHERBAKOV  
TITLE: PROCUREMENT OFFICER

DATE: January 16, 2019

NAME: BART KREPS  
TITLE: VICE PRESIDENT

DATE: 1/10/19

**AGREEMENT NO. 17-179-RFP  
ATTACHMENT A**

**SCOPE OF WORK**

**Rate Study Components.** The Contractor will prepare a Rate Study consisting of a Cost of Service Analysis, Rate and Fee Schedule/Structure Adjustments, Six Year Financial Forecast, Proposed Rate Model, and Proposed Rate Structure for the Arlington County Water and Wastewater Utilities, within the Department of Environmental Services (hereafter referred to as the utility). Work performed by Contractor will also include all meetings, reports, and presentations as listed in this document.

The Project Team and Project Manager will work directly with the Contractor to facilitate the development of a sound water and sewer rate study and to insure the best possible finished product and one completed on a timely basis. The County is able to provide the following data:

<b>Classification</b>	<b>Years of Data Available</b>
County Annual Budget Documents	Last 10 years
County Capital Improvement Plan	Last 10 years
County Annual Comprehensive Annual Financial Report (CAFR)	Last 5 years
Water Distribution Master Plan	Current version
Water Pollution Control Master Plan	Current version
Arlington County General Land Use Plan (GLUP)	Current version
<b>Number of Customers/Bills</b>	
By meter size	10 years
By customer class	10 years
Monthly summary	10 years
Annual summary	10 years
<b>Metered Consumption</b>	
By meter size	
Monthly summary	10 years
Annual summary	10 years
By customer class	
Monthly summary	10 years
Annual summary	10 years
By individual customer	10 years
Bill frequency distribution (# of bills with no usage, etc.)	10 years
<b>Billed revenue data</b>	
By meter size	
Monthly summary	10 years
Annual summary	10 years
By customer class	

Monthly summary	10 years
Annual summary	10 years
Volume of water purchased	
Monthly summary	10 years
Annual summary	10 years
Peak Period Demand Data	
Peak day amount purchased by year	10 years
Hourly water flows from aqueduct (peak hourly data would have to be extrapolated)	10 years
Operation and Maintenance Expenses	
Classify operation and maintenance by function	10 years
Classify operation and maintenance by object classification	10 years
Separately identify expenditures for power and chemicals	10 years
Other Revenues and Fees	
By fee type	10 years

**Task 1: Project Initiation and Assessment of Current Financial State** – The first phase of the study will establish a collaborative environment for County Staff to engage with the Contractor and discuss elements of the study. This will also be a venue for the Contractor to present initial analysis, using the data collected from the County, that will provide perspective on the overall financial health of the utility relative to other utilities throughout the industry.

- Kick-off Workshop – The Contractor will hold a kickoff workshop. Goals include providing a forum to finalize the work plan and schedule of the study; ensuring the Contractor has a clear understanding of the objectives of the County; providing an opportunity for the County’s Project Team and the Contractor to meet and become comfortable with one another; and discussion and identification of the County’s primary objectives and priorities with respect to the study and development of a proposed new rate structures.
- Assess the Current Financial State – The Contractor will review the data collected to evaluate the current financial state of the utility, specifically focusing on the utility’s financial position. The Contractor will review the utility’s historical user charge and miscellaneous revenues, operating expenses, capital structure, leverage, debt coverage performance, and liquidity. This data should be used along with financial policies to assess the financial condition. Contractor will use benchmarking data in the assessment. Review of historical customer information relating to the number of customer accounts and consumption should also be factored into the Contractor’s analysis to determine future action needed, if any, to mitigate the risk of declining sales and consumption.
- Financial Policies Review – The County’s financial policies drive decisions at the core of utilities operations. Contractor will review, discuss, and incorporate existing policies in the development of the financial models created by the Contractor.
- Deliverable: Current financial state assessment summary written report that details findings related to the current financial state of the utility and future action needed, if any.

**Task 2: Rate Policy Workshop** – The Contractor will conduct a two-day Rate Policy Workshop for the County Project Team (up to 20 people) within 4-6 weeks of beginning the Cost of Service Analysis and Rate Study. During the workshop, the Contractor will explain each step in the process of developing water and wastewater rates and key issues or trends that affect or guide rate setting in the utility industry. The Contractor will cover pricing objectives that drive the utility rate-setting process, explore the various approaches to determining revenue requirements (utility versus cash basis), study customer class structures and cost allocation methodologies, and review the advantages and disadvantages of different rate structures and the effect they have on customer demand, revenue sufficiency, and rate equity. Participants in the Rate Policy Workshop are to gain valuable insights into the rate-setting process and how this process relates to the different issues facing the County. After the workshop, participants should be able to communicate more effectively with policymakers and customers on matters related to rates and charges.

- Deliverables – Workshop materials

**Task 3: Interim Meetings and Workshops** – This task includes multiple workshops and meetings to help the Contractor examine and understand the County’s pricing objectives for providing water and wastewater services, discuss various conceptual rate design considerations, and provide progress and interim findings. Facilities will be furnished by the County. This task is designed to help the Contractor develop recommendations that are most directly relevant to the County’s needs.

- Pricing Objectives Workshop - The Contractor will conduct a Pricing Objectives Workshop with County staff and local representatives to develop utility pricing objectives. Pricing objectives represent the building blocks of a rate structure and include, for example, revenue sufficiency, demand management and conservation, revenue stability, minimizing rate impacts, equity among customer classes, affordability, simplicity/ease of administering and understanding. Workshop participants will contribute pricing objectives to a prepared list of objectives, discuss the relevance of each objective, and then prioritize and select the objectives that they believe are most important.
- Conceptual Design Workshop - The Contractor will work with County staff to narrow down the conceptual design to several alternatives and then will hold a Conceptual Design Workshop with County staff and local representatives to review the options in detail and identify the best alternatives for further analysis. The objectives of this workshop will be to examine the advantages and disadvantages of each rate structure option and reach consensus with respect to the preferred approaches, which the Contractor will integrate into the cost of service component of the rate model that will be developed as part of this study. In order to facilitate discussion and promote active participation, the Contractor will provide materials that describe the conceptual design options for review prior to the workshop.
- Interim Meetings - The Contractor will attend two additional meetings during the course of the study to discuss various elements of the study, review progress, and/or discuss findings. These additional meetings will occur after the development of the draft financial plan (Task 5) and draft cost of service analysis (Task 6). The County Project Officer will schedule the meetings in consultation with the Contractor.
- Deliverables – Workshop materials and summary results from each workshop

**Task 4: Forecast Demand** - Building off of the initial customer demand analysis in Task 1, the Contractor will develop a forecast of billable demand to be used in the rate and financial planning elements of the study. The Contractor will develop a projection of consumption using data from the County’s utility billing

system, as well as from planning data and reports that may be available, to complete a historical trend analysis. The Contractor will review monthly historical customer account and water demand information for each customer class and usage tier (where applicable) for the entire year, the four summer months (May through August), and the four winter months (December through March). The Contractor will then utilize relevant industry wide projections or trends informed by County data to prepare a trend analysis and forecast of billed water consumption per account and total billed water consumption, a forecast of sewer customer accounts, and a forecast of sewer billed flow.

- Deliverables: Billed water and wastewater demand six-month forecast

**Task 5: Develop Financial Plan** - With a firm understanding of the County's pricing objectives and financial policy goals, the Contractor will develop a financial plan that becomes the roadmap for financial decision-making in the future. The financial plan will summarize the projected revenues and revenue requirements for the study period and will also incorporate annual debt service coverage requirements, compliance with applicable bond coverage tests, and reserve fund balances. The financial plan will project any revenue shortfalls under the County's existing rates and provide an indication of the additional revenues necessary to support the projected revenue requirements and financial health of utility. The financial plan will be developed with emphasis on the next six years, but with flexibility to consider much longer-term results.

- **Project Revenue** - Based on the demand forecast developed in Task 4, the Contractor will forecast revenues using the existing rates. In addition to the rate generated revenue, the Contractor will also forecast revenues from various ancillary fees, miscellaneous revenue, and interest income for the forecast period.
- **Project Revenue Requirements** - Offsetting the revenues will be a projection of the total expenditures (or revenue requirements) over the forecast period. The revenue requirements will include all Operations and Maintenance (O&M) expenses, capital and debt costs, reserve requirements, and any bond covenants. The projection will also recognize the County's current and future capital program to provide for estimated future debt service requirements.
  - **O&M Expenses** - The Contractor will review the County's actual O&M expenses for past years to identify trends that should be recognized in the forecast of future expenses. The Contractor will review the current budget and discuss with staff known and measurable changes to current cost levels, such as wages and benefits, utility, chemical costs, and any other significant cost categories. The Contractor will also discuss with staff any contractual commitments for future wage and benefit increases and any expected changes in operations and staffing that will impact future O&M expenses, including the effects of the capital program. In order to project the expenses over the forecast period, the Contractor will develop escalators based on historical trends and anticipated impacts of inflation on the various categories of costs. These escalation factors will be reviewed with staff to obtain their perspectives and input.
  - **Capital Expenditures** - The financing sources for the capital improvement program will include a combination of debt and current revenues and will be influenced by the financial policies reviewed during Task 1. The Contractor will review the proposed CIP with staff and make appropriate recommendations reflecting their perspectives and comments. As part of this task, the Contractor will calculate debt service on existing debt and project annual debt service requirements related to future borrowings to finance the capital program.
  - **Financial Policies** - Finally, the forecast of revenue requirements will consider the County's financial and debt policies. Policies and metrics will be identified, tracked, and incorporated into the forecast of revenue requirements. The Contractor will meet with

- County staff to review all components of the forecast of revenue requirements and ensure that the forecast is consistent with the expressed financial objectives.
- Financial Plan - Using the information obtained through these initial steps, the Contractor will create a financial plan for the forecast period. The financial plan will summarize the projected revenues and revenue requirements and incorporate annual debt service coverage and reserve fund balances requirements. The financial plan will project revenue under the County's existing rates and provide an indication of any shortfalls and the additional revenues necessary to support the projected revenue requirements and financial health of the utility.
  - Financial Planning Workshop -Once a preliminary baseline financial plan and revenue requirement projection are prepared for both the water and wastewater utilities, the Contractor will facilitate a financial planning workshop with County staff and local representatives. This workshop will provide the opportunity for County staff to review and discuss the financial plan and help validate the key inputs and assumptions. At this workshop, the Contractor will provide a summary of the key estimates, assumptions, and inputs used in the development of the preliminary financial plan. The Contractor will also share the draft rate model and review its construct and preliminary results. The workshop will also be used to discuss the County's Utilities Fund financial policies, including any recommended changes, and to review several capital financing scenarios. At the conclusion of this workshop, the Contractor will identify up to two financial plans to carry forward to the cost of service and rate design portions of the study. Following the workshop, the Contractor will prepare a brief meeting summary to document the meeting and key financial plan decisions that were discussed.
  - Deliverables: Draft water and wastewater financial plans; list of key inputs/assumptions; draft rate model; and work-shop meeting summary

**Task 6: Cost of Service Analysis** – The Contractor will prepare a cost of service analysis for the water and wastewater utilities based on reasonable allocation of costs to various categories of costs and customer classes. The Contractor will review the County's existing methodologies for consistency with industry-accepted approaches, and will then complete an independent cost of service analysis using a multi-step cost allocation methodology based on American Water Works Association (AWWA) and Water Environment Federation (WEF) guidelines and standards. This process will involve first allocating combined water and sewer revenue requirements into water revenue requirements and wastewater revenue requirements. The individual utility revenue requirements will then be functionalized into various cost components, which will likely include source of supply, transmission, distribution, storage, fire protection, customer service/billing, general/administrative for the water utility, and wastewater collection, conveyance, pumping, treatment, and general/administrative for the wastewater utility.

The functionalized costs will then be classified into cost-causative parameters using common industry practices and the Contractor's experience in completing such classifications to ensure the appropriate assignment of costs. Cost driver parameters for water may include average-day demand, maximum-day demand, maximum-hour demand, fire protection, meters, and customer service. Cost driver parameters for wastewater may include wastewater flow, infiltration/inflow, strength (biological oxygen demand, total suspended solids, nitrogen, and phosphorous), and customer service. A unit cost of service for strong wastes received by the County will be calculated and used to develop high-strength surcharges.

Once the costs are allocated to cost driver parameters, the costs will be distributed to each customer class based on the demand characteristics of each class. The Contractor will use the demand

and consumption information analyzed in Task 4 as the basis for the distribution of costs to each customer class.

The Contractor will summarize the preliminary results of the cost of service evaluation in tabular format for County staff to review. In addition, the cost of service analysis will be incorporated as a component of the rate model prepared for the County. At the conclusion of this task, the Contractor will schedule a meeting with County staff to review the cost of service allocations and associated results.

- Deliverable: Cost of service tabular summary

**Task 7: Design and Calculation of Rates and Charges** - In this task, the Contractor will work within the legal framework outlined in the Virginia Department of Health: Office of Drinking Water Regulations; other applicable Commonwealth of Virginia regulations, governing statutes and case law; and the industry standards identified in Task 6 to design appropriate rates to address the County's current issues and achieve the County's objectives, as identified in Tasks 1 and 3. The rate design will provide rates that are just and reasonable, and bear a rational relationship to a legitimate governmental interest, so as to be legally defensible. Based on the results of the Conceptual Design Workshop, the Contractor will analyze a shortlist of rate alternatives (at least three) for the County. The detailed rate evaluation will consist of a calculation of the rates needed to generate the revenues identified in the financial plan, identification of rate components applicable to each customer class, and an assessment of the impact of the rate changes on each class of customer. The Contractor will model the rate alternatives based on the priorities identified in the Pricing Objectives Workshop. Coupled with the results of the cost of service analysis, the Contractor will examine and evaluate the existing and alternative rate structures using the rate model developed for the County; complete customer impact analyses for comparison; and prepare proposed water and wastewater rate structures and schedule of rates. The Contractor will also summarize the advantages and disadvantages of each alternative and compare the rates to those of other utilities in the Commonwealth of Virginia and the region.

The Contractor will conduct a Rates Alternatives Meeting with the County to present the results of the detailed rate analysis and rate recommendations for County consideration. The meeting will be used to describe the rate calculations, examine prepared schedules and customer bill impacts, and receive feedback from the County before finalizing the rate recommendations.

- Deliverables: Summary of rate comparisons and preliminary rate recommendations

**Task 8: Review Availability Fees and Miscellaneous Fees** -The Contractor will evaluate the County's current system of charges assessed to new development. The Contractor will review the cost basis and methodology used to establish various fees, including connection fees, availability charges and other miscellaneous fees, to determine whether these fees are reasonable and appropriate, consistent with the Virginia Code (current and pending) and equitably recover the cost of new development. The Contractor will calculate the water and wastewater capacity-related fees (availability fees) based on the system buy-in approach, the marginal-incremental approach, and a "hybrid" approach and recommend the methodology that is most consistent with the County's current capital planning initiatives. The Contractor will calculate the cost of capacity for availability fees for water and wastewater single-family residences and for different classes of customers. Connection fees, which are associated with the physical connection to the system, will be calculated based on cost (e.g., personnel, equipment, materials). Other miscellaneous charges will be calculated either from the bottom up (e.g. personnel, equipment, materials) or top-down (estimated cost divided by number of occurrences).

The results of this task will be discussed at the Rates Alternatives Meeting described in Task 7 and will be incorporated into the rate model and documented in the draft and final report.

- Deliverables: Inclusion of the availability fees, connection fees, and miscellaneous fees in the rate model and report

**Task 9: Rate Model Development** - At the heart of any successful rate study is the computer rate model used to develop revenue requirements and perform operational and capital financial planning, review customer information, and calculate revenue and rates. The rate model will incorporate the results of each of the other tasks in the engagement and must be sophisticated enough to perform the complex calculations involved in a comprehensive rate analysis and to analyze various rate structures. The Contractor will develop the rate model for this engagement using Microsoft Excel and incorporating industry standard rate-setting methodologies. During the course of the project, County staff will be provided with working copies of the rate model so that they can provide input into its development, if they desire. The rate model will include a customized and interactive dashboard that will provide the County with an intuitive system to measure, track, and manage the performance of the utility. The rate model will be non-proprietary and will become the property of the County at the conclusion of the study. This task includes 20 hours of rate model training for County staff, with the format to be determined by the County in consultation with the Contractor.

- Deliverables: Draft and final rate and financial planning model

**Task 10: Reports and Presentations** - The draft report will describe the study process along with preliminary rate recommendations for the Fiscal Year 2020 (starting July 1, 2019) budget and projections over the planning period. The report must include a section enumerating utility policies, a comprehensive section on the rate design assumptions and methodologies used to develop the rate calculations, and an executive summary highlighting the major issues, decisions, and recommendations to aid in sharing the results with non-technical stakeholders. The Contractor will submit the draft report to County staff for review and approval and will incorporate the County's comments and revisions prior to finalizing the report. The final rate and financial planning model will also be delivered to County staff.

The Contractor will also prepare and deliver presentations of final study results to County Staff, County Board, and/or other appropriate public officials and groups as requested.

- Deliverables: Draft and final rate study reports

**Task 11: Civic Engagement** - The Contractor will approach civic engagement by communicating scientific and technical information to lay audiences to inform and encourage their engagement and develop support for consensus policy recommendations. Rate Study Civic Engagement Strategy - As part of the Kick-Off Work-shop in Task 1, the Contractor will meet with appropriate County staff and local representatives to establish goals for public engagement that align with the County's broader public engagement strategy. Discussion will focus on rate policy matters, development the financial forecast study period, and development of the work plan for the study. This will enable the Contractor to identify major items of interest and concern that need to be addressed and become familiar with current financing and rate practices and procedures. The objectives of the rate study civic engagement strategy will be integrated into each project deliverable. The Contractor will hold approximately two meetings or conference calls per month for six to nine months (or the entire duration of the project) with the County's Project Manager and/or the Utilities Public Engagement Specialist, as appropriate. A number of these meetings will be incorporated with various on-site workshops and meetings previously identified in the scope of services.

The Contractor will coordinate closely with the County to crystalize engagement needs and develop the engagement strategy, including:

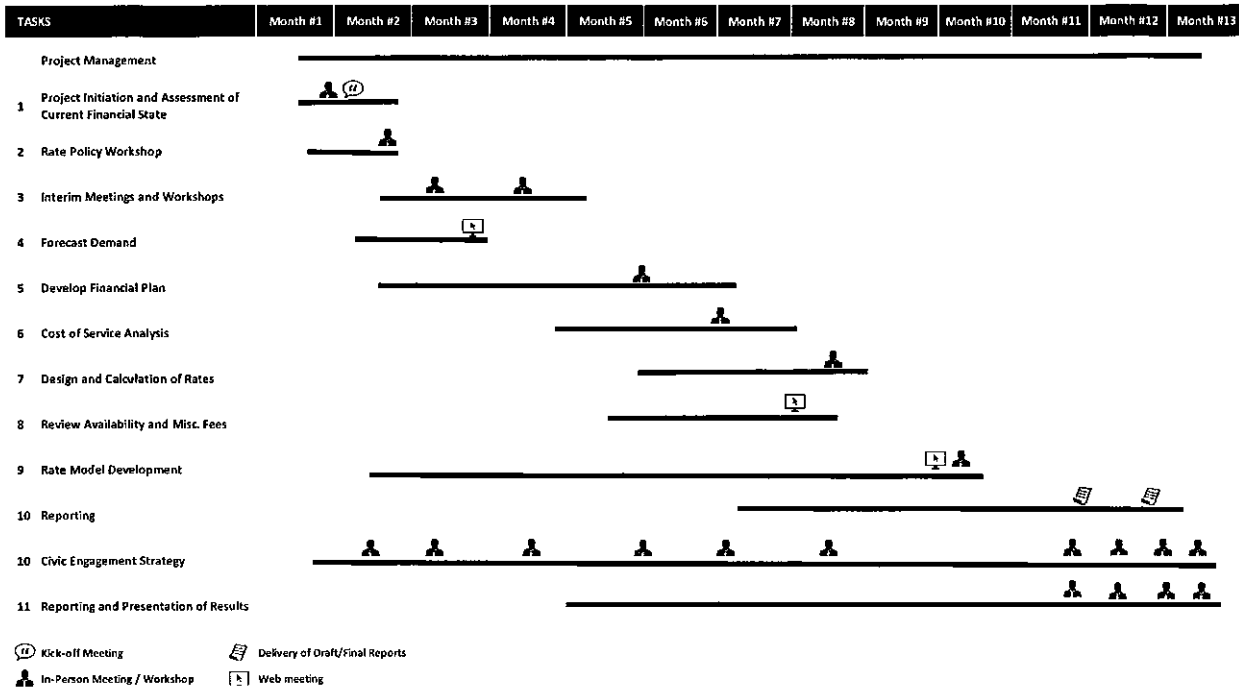
- Develop Engagement Strategy outline
- Identify and calibrate stake-holder mapping



- Early stakeholder engagement with representative stake-holder leaders as determined by the County, with input from the Contractor, to inform strategy development
- Draft civic engagement strategy and County website content, as determined during the engagement strategy process
- Finalize civic engagement strategy and County website content
- Public Engagement Planning - The Contractor will support engagement throughout and after the technical analysis. As aligned with the County's public engagement strategy, the Contractor will advance outcome-oriented outreach and engagement to inform stakeholders and decision makers throughout the rate study process. The Contractor should recognize that the County remains a growing, diverse community and our stakeholder engagement strategy will reflect the County's demographic present and future. The Contractor will also work with the County to develop focused public presentation materials, including a wide range of traditional and digital assets. The Contractor's engagement will aid in forming and supporting a Rate Study Working Group and Stakeholder Representative Group, including the following.
  - Rate Study Working Group - This group will include representatives from the County, appropriate staff, and local representatives. The parties anticipate three meetings during the course of analysis to discuss assumptions, conceptual approaches, review progress and report interim findings. This will prepare participants for the Rate Policy Workshop covering the topics outlined in Tasks 1 and 2 along with any priority challenges or opportunities identified earlier in the process.
  - Stakeholder Representatives Group - The Contractor will also convene a Stakeholder Representatives Group. The Engagement Strategy will define this group and related objectives and activities.
  - Deliverables:
    - Team coordination and planning meetings
    - Project initiation meeting
    - Interim working group meetings with County staff and local representatives
    - Rate Policy Workshop design and facilitation
    - Development of the rate study executive summary report
    - Development of outreach and public presentation material

The Contractor will complete all of the Rate Study Components between twelve to fourteen months after full execution of the Contract.

The proposed schedule of the Cost of Service and Rate Study is below.



**Other Services.** The Contractor may be asked to provide other tasks related to the services described above, which could include, but are not limited to:

- Additional financial analysis and forecasts
- Policy updates and/or development
- Development of a plan for establishing a permit fee for Food Service Establishment, as allowed under Arlington County's Industrial Pretreatment program

The County will assign any such additional tasks as-needed, at which point the Contractor will provide a detailed price breakdown for the County's consideration.

**ATTACHMENT C**

**NONDISCLOSURE AND DATA SECURITY AGREEMENT**  
**(CONTRACTOR)**

The undersigned, an authorized agent of the Contractor and on behalf of Raffelis Financial Consultants, Inc. ("Contractor"), hereby agrees that the Contractor will hold County-provided information, documents, data, images, records and the like confidential and secure and protect them against loss, misuse, alteration, destruction or disclosure. This includes, but is not limited to, the information of the County, its employees, contractors, residents, clients, patients, taxpayers and property as well as information that the County shares with the Contractor for testing, support, conversion or other services provided under Arlington County Agreement No.17-179-RFP (the "Project" or "Main Agreement") or that may be accessed through other County-owned or -controlled databases (all of the above collectively referred to as "County Information" or "Information").

In addition to the DATA SECURITY obligations set in the County Agreement, the Contractor agrees that it will maintain the privacy and security of County Information, control and limit internal access and authorization for access to such Information and not divulge or allow or facilitate access to County Information for any purpose or by anyone unless expressly authorized. This includes, but is not limited to, any County Information that in any manner describes, locates or indexes anything about an individual, including, but not limited to, his/her ("his") Personal Health Information, treatment, disability, services eligibility, services provided, investigations, real or personal property holdings and his education, financial transactions, medical history, ancestry, religion, political ideology, criminal or employment record, social security number, tax status or payments, date of birth, address, phone number or anything that affords a basis for inferring personal characteristics, such as finger and voice prints, photographs, or things done by or to such individual, or the record of his presence, registration, or membership in an organization or activity, or admission to an institution.

Contractor also agrees that it will not directly or indirectly use or facilitate the use or dissemination of County information (whether intentionally or by inadvertence, negligence or omission and whether verbally, electronically, through paper transmission or otherwise) for any purpose other than that directly associated with its work under the Project. The Contractor acknowledges that any unauthorized use, dissemination or disclosure of County Information is prohibited and may also constitute a violation of Virginia or federal laws, subjecting it or its employees to civil and/or criminal penalties.

Contractor agrees that it will not divulge or otherwise facilitate the disclosure, dissemination or access to or by any unauthorized person, for any purpose, of any Information obtained directly, or indirectly, as a result of its work on the Project. The Contractor shall coordinate closely with the County Project Officer to ensure that its authorization to its employees or approved subcontractors is appropriate and tightly controlled and that such person/s also maintain the security and privacy of County Information and the integrity of County-networked resources.

Contractor agrees to take strict security measures to ensure that County Information is kept secure; is properly stored in accordance with industry best practices, and if stored is encrypted as appropriate; and is otherwise protected from retrieval or access by unauthorized persons or for unauthorized purposes. Any device or media on which County Information is stored, even temporarily, will have strict security and access control. Any County Information that is accessible will not leave Contractor's work site or the County's physical facility, if the Contractor is working onsite, without written authorization of the County

Project Officer. If remote access or other media storage is authorized, the Contractor is responsible for the security of such storage device or paper files.

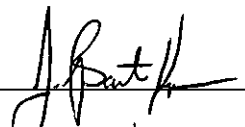
Contractor will ensure that any laptops, PDAs, netbooks, tablets, thumb drives or other media storage devices, as approved by the County and connected to the County network, are secure and free of all computer viruses, or running the latest version of an industry-standard virus protection program. The Contractor will ensure that all passwords used by its employees or subcontractors are robust, protected and not shared. The Contractor will not download any County Information except as agreed to by the parties and then only onto a County-approved device. The Contractor understands that downloading onto a personally owned device or service, such as personal e-mail, Dropbox, etc., is prohibited.

Contractor agrees that it will notify the County Project Officer immediately upon discovery or becoming aware or suspicious of any unauthorized disclosure of County Information, security breach, hacking or other breach of this agreement, the County's or Contractor's security policies, or any other breach of Project protocols concerning data security or County Information. The Contractor will fully cooperate with the County to regain possession of any Information and to prevent its further disclosure, use or dissemination. The Contractor also agrees to promptly notify others of a suspected or actual breach if requested.

The Contractor agrees that all duties and obligations enumerated in this Agreement also extend to its employees, agents or subcontractors who are given access to County information. Breach of any of the above conditions by Contractor's employees, agents or subcontractors shall be treated as a breach by the Contractor. The Contractor agrees that it shall take all reasonable measures to ensure that its employees, agents and subcontractors are aware of and abide by the terms and conditions of this agreement and related data security provisions in the Main Agreement.

It is the intent of this *NonDisclosure and Data Security Agreement* to ensure that the Contractor has the highest level of administrative safeguards, disaster recovery and best practices in place to ensure confidentiality, protection, privacy and security of County information and County-networked resources and to ensure compliance with all applicable local, state and federal laws or regulatory requirements. Therefore, to the extent that this *NonDisclosure and Data Security Agreement* conflicts with the Main Agreement or with any applicable local, state, or federal law, regulation or provision, the more stringent requirement, law, regulation or provision controls.

At the conclusion of the Project, the Contractor agrees to return all County Information to the County Project Officer. These obligations remain in full force and effect throughout the Project and shall survive any termination of the Main Agreement.

Authorized Signature:   
Printed Name and Title: J. Bart Kreps, Vice President  
Date: 1/10/19

**ATTACHMENT D**

**NONDISCLOSURE AND DATA SECURITY AGREEMENT**  
**(INDIVIDUAL)**

I, the undersigned, agree that I will hold County-provided information, documents, data, images, records and the like confidential and secure and protect it against loss, misuse, alteration, destruction or disclosure. This includes, but is not limited to, the information of the County, its employees, contractors, residents, clients, patients, taxpayers, and property as well as information that the County shares with my employer or prime contractor for testing, support, conversion or the provision of other services under Arlington County Agreement No. 17-179-RFP (the "Project" or "Main Agreement") or which may be accessed through County-owned or -controlled databases (all of the above collectively referred to as "County Information" or "Information").

I agree that I will maintain the privacy and security of County Information and will not divulge or allow or facilitate access to County Information for any purpose or by anyone unless expressly authorized to do so by the County Project Officer. This includes, but is not limited to, any County Information that in any manner describes, locates or indexes anything about an individual including, but not limited to, his/her ("his") Personal Health Information, treatment, disability, services eligibility, services provided, investigations, real or personal property holdings, education, financial transactions, medical history, ancestry, religion, political ideology, criminal or employment record, social security number, tax status or payments, date of birth, or that otherwise affords a basis for inferring personal characteristics, such as finger and voice prints, photographs, or things done by or to such individual, or the record of his presence, registration, or membership in an organization or activity, or admission to an institution.

I agree that I will not directly or indirectly use or facilitate the use or dissemination of information (whether intentionally or by inadvertence, negligence or omission and whether verbally, electronically, through paper transmission or otherwise) for any purpose other than that directly authorized and associated with my designated duties on the Project. I understand and agree that any unauthorized use, dissemination or disclosure of County Information is prohibited and may also constitute a violation of Virginia or federal law/s, subjecting me and/or my employer to civil and/or criminal penalties.

I also agree that I will not divulge or otherwise facilitate the disclosure, dissemination or access to or by any unauthorized person for any purpose of the Information obtained directly, or indirectly, as a result of my work on the Project. I agree to view, retrieve or access County Information only to the extent concomitant with my assigned duties on the Project and only in accordance with the County's and my employer's access and security policies or protocols.

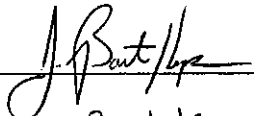
I agree that I will take strict security measures to ensure that County Information is kept secure; is properly stored in accordance with industry best practices, and if stored is encrypted as appropriate; and is otherwise protected from retrieval or access by unauthorized persons or for unauthorized purposes. I will also ensure that any device or media on which County Information is stored, even temporarily, will have strict security and access control and that I will not remove, facilitate the removal of or cause any Information to be removed from my employer's worksite or the County's physical facility without written authorization of the County Project Officer. If so authorized, I understand that I am responsible for the security of the electronic equipment or paper files on which the Information is stored and agree to promptly return such Information upon request.


I will not use any devices, laptops, PDAs, netbooks, tablets, thumb drives or other media storage devices ("Device") during my work on the Project without pre-approval. I will ensure that any Device connected to the County network is free of all computer viruses or running the latest version of an industry-standard virus protection program. I will also ensure that my password, if any, is robust, protected and not shared. I will not download any County Information except as authorized by the County Project Officer and then only onto a County-approved Device. I understand that downloading onto a personally-owned Device or service, such as personal e-mail, Dropbox etc., is prohibited.

I agree that I will notify the County Project Officer immediately upon discovery or becoming aware or suspicious of any unauthorized disclosure of County Information, security breach, hacking or other breach of this agreement, the County's or Contractor's security policies, or any other breach of Project protocols concerning data security or County Information. I will fully cooperate with the County to help regain possession of any County Information and to prevent its further disclosure, use or dissemination.

It is the intent of this *NonDisclosure and Data Security Agreement* to ensure that the highest level of administrative safeguards and best practices are in place to ensure confidentiality, protection, privacy and security of County Information and County-networked resources and to ensure compliance with all applicable local, state and federal laws or regulatory requirements. Therefore, to the extent that this *NonDisclosure and Data Security Agreement* conflicts with the underlying Main Agreement or any local, state or federal law, regulation or provision, the more stringent requirement, law, regulation or provision controls.

Upon completion or termination of my work on the Project, I agree to return all County Information to the County Project Officer. I understand that this agreement remains in full force and effect throughout my work on the Project and shall survive my reassignment from the Project, termination of the above referenced Project or my departure from my current employer.

Signed:   
Printed Name: J. Bart Kreps  
Date: 1/10/19

Witnessed:  
Contractor's Project Manager:   
Printed Name: J. Bart Kreps  
Date: 1/10/19

# Best and Final Offer

Raftelis in association with Kearns and West (collectively, the Project Team) is pleased to submit our best and final cost proposal to provide water and wastewater rate, financial planning, and cost of service consulting services to Arlington County (County). We have enjoyed the opportunity to participate in the negotiations phase of this procurement and learn more about the County and its goals and objectives for this project. Based on these discussions, we propose to complete the scope of work outlined in our proposal on a time-and-materials basis with a not-to-exceed cost of \$229,430. This revised price reflects a waiver of our standard technology/communications charge, reduced hours for anticipated efficiencies associated with data collection and evaluation, and reduced and rebalanced hours associated with stakeholder engagement without any change to the proposed level of service. The following provides a breakdown of the estimated level of effort required for completing each task and the hourly billing rates for Project Team members. Since the level of on-site support and civic engagement will likely evolve over the course of the study, we have also included optional pricing for additional, on-site meetings beyond what is included in our scope of services.

**We are proud of the resources we can offer on this project and excited about the opportunity to be a partner with the County over the next five years.**

Task	Task Descriptions	No. of Meetings/Trips	Hours Requirements										Total Fees & Expenses		
			WS	BK	WK	Staff	JD	Admin	JJ	JG	KW Associate	K&W Project Coord.		Total	
HOURLY RATES			\$370	\$290	\$205	\$150	\$290	\$75	\$200	\$185	\$135	\$100			
	Project Management	0		16	4	4		8					32	\$6,660	
1	Project Initiation and Assessment of Current Financial State	1	8	14	20	10							52	\$14,720	
2	Rate Policy Workshop	1	2	8	14	8							32	\$8,530	
3	Interim Meetings and Workshops	2	2	16	24	16							58	\$15,500	
4	Forecast Demand	0		4	8	16							28	\$5,200	
5	Develop Financial Plan	1	4	32	50	70	1						157	\$33,200	
6	Cost of Service Analysis	1	4	16	30	50	1						101	\$20,060	
7	Design and Calculation of Rates and Charges	1	4	18	24	40	1						87	\$19,310	
8	Review Availability Fees and Miscellaneous Charges	0		8	20	10	1						39	\$8,210	
9	Rate Model Development	1		4	30	50							84	\$15,510	
10	Reporting	4	6	24	30	54	2	4					120	\$29,910	
11	Civic Engagement Approach	10		12					10	100	180	45	302	\$52,780	
TOTAL ESTIMATED MEETINGS / HOURS			22	30	172	254	328	6	12	10	100	180	45	1,092.0	
PROFESSIONAL FEES				\$11,100	\$49,880	\$52,070	\$49,200	\$1,740	\$900	\$2,000	\$18,500	\$24,300	\$4,500	\$214,190	
													Total Fees	\$214,190	
													Total Expenses	\$15,400	
													<b>TOTAL FEES &amp; EXPENSES</b>	<b>\$229,590</b>	

WS - Bill Stannard  
 BK - Bart Kreps  
 WK - Will Kerr  
 JD - Jon Davis  
 Staff - Delaney Ridgely, Ford Moriarty

JJ - Joan Isaacson  
 JG - Jason Gershowitz  
 KW - Kearns & West Associate  
 KW - Kearns & West Project Coordinator

#### OPTIONAL ON-SITE MEETINGS\*

Hours Requirements												Total Fees
WS	BK	WK	Staff	JD	Admin	JJ	JG	KW Associate	K&W Project Coord.	Total		
	6		2				6	2				
\$0	\$1,740	\$0	\$300	\$0	\$0	\$0	\$1,110	\$270	\$0	\$3,420		
											Total Fees**	\$3,420

\*Assumes a half-day meeting on site including preparation.  
 \*\*Excludes expenses.